

# **ATTACHMENT**

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**John T. Nakahata**  
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**1200 18<sup>th</sup> Street, NW, Suite 1200**  
**Washington, DC 20036**

**Billed Entity Number: 125727**  
**Form 471 Application Number: 256221**  
**Form 486 Application Number:**





**Universal Service Administrative Company**  
Schools & Libraries Division

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**Administrator's Decision on Appeal - Funding Year 2001-2002**

March 3, 2009

John T. Nakahata  
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1200 18<sup>th</sup> Street, NW, Suite 1200  
Washington, DC 20036

Re:	Applicant Name:	Harrisburg City School District
	Billed Entity Number:	125727
	Form 471 Application Number:	256221
	Funding Request Number(s):	639696
	Your Correspondence Dated:	November 19, 2007

After thorough review and investigation of all relevant facts, the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2001 Notification of Improperly Disbursed Funds Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 639696  
Decision on Appeal: **Denied**  
Explanation:

USAC learned in 2003 that John Weaver, the Information Technology Director for Harrisburg City School District (HCSD or District) and Ronald Morrett, Jr the owner of one of HCSD's service providers, EMO Communications, Inc. (EMO) pled guilty in a kickback scheme involving Schools and Libraries program funding. Weaver and Morrett were ordered to pay \$1,977,516.00 in restitution to USAC as a result of this scheme. After learning of the guilty pleas, USAC performed an audit to determine whether there were losses in addition to the \$1,977,516.00. As a result of this audit, USAC determined that it disbursed an additional \$5,050,430.96 for equipment and/or services that had not been delivered to the applicant.

The FCC's rules require USAC to recover the funds from the party that was in a better position to prevent the statutory violation. The FCC recognized that in some instances

both the service provider and the school or library may be at fault and USAC is authorized to seek recovery from both parties until the claim is satisfied. *See Federal-State Joint Board on Universal Service, Order on Reconsideration and Fourth Report and Order, FCC 04-181, 19 FCC Rcd 15252 (¶ 15) (2004)*. Pursuant to these requirements, USAC sought recovery jointly from HCSD and EMO for improperly disbursed funds.

HCSD makes several arguments in its appeal in support of its position that it should not be responsible for the fraud perpetrated by its employee, John Weaver. Those arguments are discussed and responded to below.

**HCSD Argument 1:** USAC's determination that HCSD is responsible for funds disbursed for services the District never received ignores FCC guidance regarding when recovery from a school or library would be appropriate, and when recovery from a service provider would be appropriate. The District also argues EMO was in a better position to prevent the rule violation so it should be the party from whom USAC recovers the funds.

**USAC Response:** As administrator of the Universal Service Fund, USAC is required to seek recovery of funds disbursed in violation of statute or the FCC's rules. *See In the Matter of Schools and Libraries Universal Service Support Mechanism, Fifth Report and Order and Order, 15 FCC Rcd 15808, FCC 04-190, ¶ 18, 73 (2004)*. With respect to the facts of this case, USAC is required to seek recovery for funds disbursed when a service provider fails to deliver services within the funding year. *See id.* ¶ 26. The FCC's rules require USAC to recover improperly disbursed funds from the party that was in the better position to prevent the statutory violation and the FCC recognized that when both the service provider and the school are at fault, USAC is authorized to seek recovery from both parties until the claim is satisfied. *Federal-State Joint Board on Universal Service, Order on Reconsideration and Fourth Report and Order, FCC 04-181, 19 FCC Rcd 15252 (¶ 15) (2004)*.

Through Weaver, the District certified to USAC on the Service Certification Forms that it received goods and services from EMO. USAC disbursed funds based on the false certifications. Without these certifications, EMO would not have been able to obtain reimbursement for the services it failed to provide. Therefore, HCSD was also in a position to prevent the rule violation and USAC is obligated to seek recovery from the District as well as the service provider. *See Federal-State Joint Board on Universal Service, Order on Reconsideration and Fourth Report and Order, FCC 04-181, 19 FCC Rcd 15252, ¶ 15 (2004)*.

**HCSD Argument 2:** The standard of review is based on a preponderance of evidence showing the District's willful and repeated violation of the FCC's rules. Because HCSD did not knowingly make false certifications to USAC, and it did not authorize Weaver to do so, there is no willful and repeated violation of the FCC's rules.

**USAC Response:** As administrator of the Universal Service Fund, USAC is required to seek recovery of funds disbursed in violation of statute or the FCC's rules. *See In the Matter of Schools and Libraries Universal Service Support Mechanism, Fifth Report and*

Order and Order, 15 FCC Rcd 15808, FCC 04-190, ¶ 18, 73 (2004). “The standard for determining such a violation is . . . whether a party has willfully or repeatedly failed to comply with any provision of the Act, or any rule, regulation, or order issued by the Commission.” *Id.* ¶ 73. The Commission noted that “a party ‘willfully’ violates the Communications Act or a Commission rule or order when it knows it is taking the action in question, irrespective of any intention to violate the Commission’s rules.” *Id.* n.131. Furthermore, “[r]epeated” means that the act was committed or omitted more than once, or lasts for more than one day.” *Id.*

HCSD authorized Weaver to sign the funding requests submitted to USAC for Funding Years 2001, 2002 and 2003 on its behalf. FCC rules and the FCC Form 470 and FCC Form 471 require the person authorized to sign these forms certify under oath that he is authorized to submit the form on behalf of the school. *See* 47 C.F.R. 54.504(b)(2) (2000); *See e.g.*, Schools and Libraries Universal Service, Description of Services Requested and Certification Form, OMB 3060-0806 (September 1999) (FCC Form 470); Schools and Libraries Universal Service, Description of Services Ordered and Certification Form, OMB 3060-0806 (October 2000) (FCC Form 471). USAC’s records show that for Funding Years 2001, 2002 and 2003, Weaver certified HCSD’s FCC Forms 470 and FCC Forms 471. USAC committed and disbursed funding to HCSD in each funding year based on the FCC Forms 470 and FCC Forms 471 certified by Weaver. HCSD does not argue that it did not authorize Weaver to sign these forms. USAC’s records also show that Weaver signed Service Certification Forms on November 4, 2002 and January 1, 2003 supporting disbursements to EMO related to the recovery of these funds.

Because HCSD authorized Weaver to sign funding requests submitted to USAC as well as the service certifications on its behalf, HCSD is found to have known that the violations occurred and therefore is responsible for the violations. To find otherwise would mean that other Schools and Libraries program beneficiaries would not be responsible for violations of the statute or Commission rules simply because the school district later argued that it did not know that the rule violation had occurred.

**HCSD Argument 3:** The District should not be held vicariously liable for the actions of one of its employees. The principles of agency do not support that rationale because the District did not benefit from Weaver’s fraudulent actions nor did the District aid Weaver in carrying out his fraud.

**USAC Response:** An employer may be liable for negligent breach of its duty to supervise its employee. *Int’l Distribution Corp. v. American Distr. Tel. Co.*, 569 F.2d 136, 139 (D.C. Cir. 1977) (citing Restatement (second) of Agency Section 213(c)). Under Pennsylvania law, an employer may be liable for negligent supervision of an employee where it fails to “exercise ordinary care to prevent an intentional harm to a third party which 1) is committed on the employer’s premises by an employee acting outside the scope of his employment and 2) is reasonably foreseeable.” *Mullen v. Topper’s Salon and Health Spa, Inc.*, 99 F. Supp.2d 553, 556 (USDC, ED PA 2000). Weaver committed the

fraud while at the District and arguably his actions were outside the scope of employment. Weaver's actions were reasonably foreseeable because HCSD failed to exercise ordinary care to prevent the fraud by not having a process or layers of review in place to avoid such a fraud. Schools are responsible for complying with the rules of the Schools and Libraries program and therefore need to have appropriate internal controls to ensure compliance with those rules. If HCSD had such processes in place, it could have deterred Weaver from committing the fraud. Therefore, because of its failure to adequately supervise Weaver, HCSD should be held responsible for Weaver's actions.

Additionally, in the context of the audit finding, HCSD did not dispute that it was bound by the improper conduct of its employee, John Weaver. Although HCSD made the statement in the context of responding to audit findings with respect to ineligible services, HCSD understood that Weaver's signature bound the District also. Therefore, HCSD is responsible for Weaver's actions as his signature certifying receipt of goods and services bound the District and formed the basis of the rule violation.

*HCSD Argument 4:* The District argues that USAC should have notified the court as soon as it discovered the full dollar amount of the fraud and it should have sought restitution from EMO and/or Weaver for that amount. HCSD also argues authorization from the Justice Department was necessary before USAC could seek recovery of the funds.

*USAC Response:* USAC informed the government that it intended to conduct an audit and would need to seek recovery if rule violations not included in the scope of the government's case were discovered. Upon discovering the additional issues identified in the audit report, USAC informed the government of the amounts involved. In USAC's Petition for Remission or Mitigation of Forfeiture dated March 30, 2005, USAC informed the government that it determined USAC paid \$6,150,760 to EMO for ineligible equipment and services not provided.

*HCSD Argument 5:* USAC's Notification of Improperly Disbursed Funds did not provide detail sufficient to permit HCSD to effectively respond.

*USAC Response:* USAC provided the "basis for indebtedness" at a standard level of detail provided to applicants. See 47 C.F.R. 1.1911(b) (2007). Applicants may request further details as needed to dispute USAC's calculations. USAC paid \$1,100,329.04 for 787 ineligible laptops that HCSD never received and it paid \$4,927,395.44 for services EMO did not provide to HCSD. Therefore, USAC seeks jointly from EMO and HCSD recovery in the amount of \$5,050,430.96 minus court ordered restitution of \$2,164,956.00 for a total of \$2,885,474.96.

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either USAC or the FCC. For appeals that have been denied in full, partially approved, dismissed, or canceled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter.

Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC website or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division  
Universal Service Administrative Company

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**ATTACHMENT**  
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ATTORNEYS AT LAW

November 19, 2007

**VIA ELECTRONIC MAIL**

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**Re: Appeal of September 20, 2007 Notification of Improperly Disbursed  
Funds (Funding Year 2001)**

**Form 471 Application Number: 256221  
Billed Entity Number: 125727  
FCC Reg. Number: 0013480892**

Dear Schools and Libraries Division:

This letter constitutes Applicant Harrisburg City School District's ("the District's") appeal of the September 20, 2007 Notification of Improperly Disbursed Funds ("the Notification").<sup>1</sup> The District is appealing the Universal Service Administrative Company's (USAC's) determination that the District is responsible for a rule violation with respect to Funding Request Number 639696. As demonstrated herein,

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<sup>1</sup> Attachment 1. The Funding Disbursement Report attached to the Notification read, in its entirety:

After a thorough investigation, it has been determined that funds were improperly disbursed on this funding request. During the course of an audit, it was determined that USAC disbursed \$5,050,430.96 for equipment and/or services that were not delivered to the applicant. The services/equipment consisted of: installation of wireless antenna/testing, upgrade 3/3/0 to 5/5/5, server burn in/load, and 5 yr. extended maintenance for antenna/server. FCC rules authorize USAC to disburse funds to service providers for providing supported services to eligible entities. These rules are violated if the service provider receives payment for services and/or products that it did not deliver to the eligible entity. USAC has determined that the applicant and service provider are responsible for this rule violation. The recovery is based on the following calculation: \$5,050,430.96 (total disbursed amount) - \$2,164,956.00 (court-ordered restitution) = \$2,885,474.96. USAC is seeking recovery of \$2,885,474.96 from the applicant and service provider.

the proper entity responsible for the rule violation is EMO Communications, Inc. (EMO), the service provider, whose then-President Ronald Morrett executed a multi-million dollar “blatant bribery scheme to influence payments under government contracts” for the benefit of EMO and defrauded both the Universal Service Fund and the Harrisburg City School District.<sup>2</sup> EMO was the sole recipient of the funds disbursed as a result of the rule violation.

The Schools and Libraries Division (SLD) of USAC seeks to recover from the District and EMO Communications \$2,885,474.96 in improperly distributed E-rate funds. It is undisputed that these funds were disbursed in response to EMO’s submission of invoices to USAC for services that the District never received, and that they were disbursed solely to EMO. It is also undisputed that these funds were disbursed solely as the result of a 2002-03 bribery scheme devised by Morrett and executed by Morrett and John Weaver, the District’s then-director of information technology. Morrett paid Weaver nearly \$2 million in bribes, and in return, Morrett submitted invoices to the SLD for equipment and services that the District did not receive, and Weaver falsely certified to USAC on the Schools and Libraries Service Certification Forms that the District received services covered by EMO’s Service Provider Invoice Forms (SPIFs). In signing those Service Certification Forms, however, Weaver was acting not as the agent of the Harrisburg City School District, but rather for his own benefit, in furtherance of his and Morrett’s corrupt enterprise. Indeed, in carrying out his part in this scheme, Weaver was defrauding the District of his honest services, a well-recognized form of fraud.

USAC’s conclusion that the District is responsible for the rule violation is particularly egregious because the District was the “whistleblower” that uncovered Morrett’s fraudulent enterprise and promptly alerted the SLD. In June 2003, the District discovered indications that some equipment that had been invoiced had not actually been received, and it immediately informed law enforcement authorities. As a result, following a six-month investigation after which federal prosecutors lauded the District for its cooperation, both Weaver and Morrett pled guilty to federal bribery charges, were ordered to pay more than \$2 million in restitution to SLD, and were sentenced to three years in prison. The District alerted SLD on or about the day the indictments were announced, asked SLD to halt any then-pending payments to EMO, cancelled all pending funding requests associated with EMO, kept USAC apprised of developments in Morrett’s and Weaver’s criminal prosecutions, and fully cooperated with USAC’s audits.

Moreover, USAC’s conclusion that the District is responsible for the rule violation should be set aside because the District is highly prejudiced by the fact that USAC has apparently waited over two years since it conducted its audit – and almost four years after the scheme was discovered – to seek recovery. Had USAC sought recovery from the District in March 2005, at the same time USAC issued a related Detailed Exception Worksheet with respect to the same audit that appears to have led to this Notification, either USAC could have asked the United States District Court to increase the restitution ordered of Morrett, which the Court would have been statutorily required to do, or the District could then have sought to be declared a victim entitled to restitution

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<sup>2</sup> Attachment 2 (Excerpt from Sentencing Transcript of Ronald Morrett (May 15, 2005)), at 32.



for the amounts sought by USAC. By waiting more than two years, however, USAC has allowed Morrett's sentencing to occur, drastically reducing the possibility of restitution from the owner of the primary beneficiary, EMO Communications. EMO received all of the proceeds of the fraud, with the exception of the bribe amounts that were separately disgorged by the court's restitution orders.

In addition to erroneously concluding that the District – a victim of the fraud – is responsible for the rule violation, USAC's Notification is also procedurally defective. The Notification fails to give the District adequate notice of the basis for USAC's claim, relying simply on a one-paragraph summary that lacks the necessary specificity for the District to understand and properly defend against USAC's claim. Nowhere does USAC explain the factual or legal basis for its determination that the District is responsible for the rule violation. The Notice nowhere even provides an itemization of the invoices or how USAC arrived at the disbursed funds allocated to the services not actually received.

To the extent that USAC is proceeding on a theory of vicarious liability, it is engaging in a massive expansion of vicarious liability principles. The District is aware of no case in which an employer has been held liable for its agent's criminal acts, when those acts were clearly taken outside the scope of the agent's actual or apparent authority and conferred no benefit whatsoever on the employer. In any event, USAC has also failed to show that it has been reassigned the responsibility to collect this debt, which Federal Communications Commission rules require to be referred to the Department of Justice.

By declaring the District to be responsible for the rule violation that led to the improper disbursement of funds, USAC is seeking recovery from the wrong party at the wrong time. Instead of going after the people who engaged in and profited from the bribery conspiracy, USAC has chosen to wait almost four years and go after the District, which was victimized by the conspiracy, knew nothing about it at the time, blew the whistle on the fraudulent scheme and cooperated fully with authorities once it was discovered. In so doing, USAC seeks repayment from the taxpayers of Harrisburg – who did not receive any benefit from the improper disbursement of funds at issue – an action that will surely serve only to harm one of the poorest school districts in the country.

## **I. Factual Background**

The Harrisburg City School District is among the most disadvantaged school districts in the nation. In 1999-2000, over two-thirds of its students performed below the basic level on the Pennsylvania System of School Assessment. Although located in the Pennsylvania state capital, the District has always been extremely challenged. More than 80 percent of children in the District live in poverty, based on the number of students who participate in free- and reduced-lunch plans under the National School Lunch Program; this percentage likely understates the poverty level of the District considering that many eligible students do not even complete the applications. Nearly half (48 percent) of the property in Harrisburg is tax-exempt, and thus outside the tax base for the school district.

In December 2000, in an effort to reform a struggling urban school system, the Pennsylvania legislature authorized Harrisburg's Mayor to appoint a Board of Control to oversee the District. In July 2001, the Board of Control hired a new superintendent, Dr. Gerald Kohn, who in turn hired a new Deputy Superintendent in August 2001 and a new business manager in December 2001. At that time, John Weaver, a fifteen-year employee of the District, was the District's director of information technology. The District had also hired outside consultants, a firm called E-Rate Consulting, Inc., to advise it with respect to E-rate compliance and to complete E-rate applications.

It was against this backdrop that Ron Morrett, the President of EMO Communications, and John Weaver entered into their bribery scheme. It is not clear precisely when the scheme began. In December 2000, the District posted its Form 470 to solicit proposals to be funded by the Schools and Libraries ("E-rate") support mechanism for the July 1, 2001-June 30, 2002 school year. That Form 470 (Form 470 Application Number 213710000320520) listed John Weaver as the contact and also shows that Weaver certified the form for the District. The District also filed a Form 471 application in January 2001 (471 # 256221) listing Weaver as the contact person.<sup>3</sup> The application took a long time to be finally approved. Initially, it was denied. On June 6, 2001, the District filed an appeal, which was granted on February 8, 2002, which then allowed the application to proceed to Program Integrity Assurance Review.<sup>4</sup>

Apparently in response to questions from USAC, on April 9, 2002, Weaver sent USAC a memo stating that the amount of the funding request was reduced from \$8,802,776.00 to \$6,989,500, with a reduction in the number of servers from 1102 to 875.<sup>5</sup> Also on April 9, 2002, Weaver sent another memo to USAC entitled "Response to questions on FRN: 639696," explaining that the terminal servers would allow computers in every classroom to connect to the Internet under the control of the teacher, allow the teacher to control and monitor where students went on the Internet, and allow the teacher to control and monitor printing from the Internet from student workstations.<sup>6</sup> USAC issued a Funding Commitment Decision Letter for Funding Request Number 639696 on April 19, 2002, providing a commitment of \$6,150,760, for a pre-discount amount of \$6,985,000.<sup>7</sup> EMO Communications was the service provider for the services provided under FRN 639696. Weaver then filed Form 486, which USAC approved on August 7, 2002, again reflecting the approved pre-discount amount and funding request amounts.<sup>8</sup>

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<sup>3</sup> Attachment 3 (Form 471 for FRN 639696 (Jan. 18, 2001)).

<sup>4</sup> Attachment 4 (Letter from USAC to John Weaver (Feb. 8, 2002)).

<sup>5</sup> Attachment 5 (Memorandum from John Weaver to USAC (Apr. 9, 2002)). Although this correspondence refers to a subsequent year's Form 471 and FRN, the amount of the FRN and the reduction in the FRN correspond precisely with FRN 639696. Moreover, the FRN referred to in this memo was subsequently canceled. The District can only surmise that the memo was actually intended to address FRN 639696, due to the correlation in the date it was prepared and the fact that it appears to be addressed to the same SLD reviewer who was responsible for reviewing FRN 639696.

<sup>6</sup> Attachment 6 (Memorandum from John Weaver to USAC (Apr. 9, 2002)).

<sup>7</sup> Attachment 7 (Letter from USAC to John Weaver (Apr. 19, 2002)).

<sup>8</sup> Attachment 8 (Letter from USAC to Ronald Morrett (Aug. 7, 2002)).

By the time the April 19, 2002 Funding Commitment Decision Letter was issued, Morrett and Weaver had already embarked on their corrupt enterprise. Beginning on or about April 1, 2002, and continuing through May 23, 2003 (fewer than two weeks before the District suspended Weaver), Morrett made 12 payments to Weaver, totaling over \$1.9 million.<sup>9</sup>

The bribes played a critical role in the scheme. Under USAC procedures for the E-rate program, Morrett's company, EMO Communications, as service provider for FRN 639696, submitted its invoices directly to USAC using a SPIF. However, before EMO Communications could be paid, USAC had to be provided a signed Service Certification by the District, attesting that the services on the attached vendor invoice had been delivered and installed, along with a copy of the "detailed vendor invoice."<sup>10</sup> On October 30, 2002, Morrett submitted to USAC a SPIF falsely claiming to have delivered servers to the District on September 15 and October 15, 2002.<sup>11</sup> On November 4, 2002, Weaver, who by this time had received over \$670,000 in bribes from Morrett, falsely certified that the servers had been delivered and installed on those dates.<sup>12</sup> Two days later, Weaver received another \$35,000 bribe payment from Morrett.<sup>13</sup>

Then, on January 23, 2003, Morrett submitted another SPIF falsely claiming to have delivered and installed laptop servers to the District on "01152002" (January 15, 2002).<sup>14</sup> On January 29, 2003, Weaver, acting at Morrett's behest and interest, falsely certified that those services had been delivered.<sup>15</sup> Together, the amounts listed on these SPIFs and Service Provider Certifications appear to total the \$6,150,760 in funds covered by the USAC Funding Commitment and Form 486 approval. In fact, the laptop servers that were supposed to be the laptop servers were delivered, in various installments, between January 9, 2003 and June 2, 2003.<sup>16</sup>

Although the District did receive 787 laptop servers from EMO, not the 875 stated on the EMO invoices, the District never received installation of wireless antenna/testing, "upgrade 3/3/0 to 5/5/5, server burn in/load," or the five-year extended maintenance services for the antenna/server.

The scheme was uncovered through the persistent efforts of District employee Kim Cuff, who was in charge of teacher training. The laptop servers were originally scheduled to be delivered in September and October of 2002. Teacher training on the laptop servers was supposed to have been completed by January 2003, but Weaver repeatedly postponed or cancelled it, stating that he did not have enough space to store

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<sup>9</sup> Attachment 9 (Criminal Information Filed Against Ronald R. Morrett, Jr. and John Henry Weaver (M.D. Pa. Dec. 8, 2003)) at ¶ 13.

<sup>10</sup> For an example of a Service Certification Form, see Attachment 11.

<sup>11</sup> Attachment 10 (Service Provider Invoice Form (Oct. 30, 2002)).

<sup>12</sup> Attachment 11 (Service Certification Form (Nov. 4, 2002)).

<sup>13</sup> Attachment 9 at ¶ 13.

<sup>14</sup> Attachment 12 (Service Provider Invoice Form (Jan. 23, 2003)).

<sup>15</sup> Attachment 13 (Service Certification Form (Jan. 29, 2003)). Weaver does not appear to have faxed the certification to USAC until February 4, 2003.

<sup>16</sup> Attachment 14 (IntelliMark Invoices).

the laptop servers. On March 28, 2003, Cuff, who was supposed to run the training sessions, asked Weaver when they would be delivered. She received no response. Cuff emailed Weaver again on April 10, again asking when the laptop servers would arrive, and Weaver told her that they should arrive within two weeks.

Over the next two months, Cuff repeatedly attempted to contact Weaver to find out when the laptop servers would arrive, and Weaver either avoided her or lied to her. She also contacted Morrett, who also lied to her. Finally, on or about June 3, 2003, she brought her concerns to her supervisor, an assistant Superintendent, and to the Business Manager. That same day, the District contacted the Harrisburg Bureau of Police regarding its failure to receive the laptop servers. The Harrisburg police in turn contacted the Federal Bureau of Investigation. The District immediately suspended Weaver, who resigned later that month, citing health reasons.<sup>17</sup> In October 2003, the District also terminated E-rate Consulting, Inc., the consulting firm that Weaver had hired, and retained new consultants, Julie Tritt Schell and Debra Kriete.

The District thoroughly cooperated with the Justice Department's investigation, which resulted in the December 8, 2003 filing of federal bribery charges against Weaver and Morrett (EMO was not charged). In the press release announcing the charges, the Justice Department praised the District for its role in bringing the fraud to light and its cooperation during the investigation:

In announcing the filing of this charge, [the U.S. Attorney and FBI Special Agent In Charge] emphasized that the current administration at the Harrisburg School District and the City of Harrisburg initially discovered this matter, brought it to the attention of federal authorities, and cooperated extensively with all aspects of the government's investigation into this kickback conspiracy. Federal officials praised city and school officials for their initiative in referring this matter and their complete cooperation in all aspects of this investigation.<sup>18</sup>

Weaver, Morrett and Mark Leshar, a third member of the conspiracy, all pled guilty. Weaver and Morrett were ultimately sentenced to three years in prison, and Leshar to sixteen months. In his plea agreement with the United States, Morrett specifically acknowledged that, "pursuant to the Mandatory Restitution Act of April 24, 1996, Title 18 United States Code, Section 3663A, the Court is *required in all instances* to order *full restitution to all victims* for the losses those victims have suffered as a result of the defendant's conduct."<sup>19</sup> Weaver was not sentenced until March 1, 2005, and Morrett was not sentenced until May 16, 2005. Weaver and Morrett were ordered, jointly and severally, to pay restitution to USAC totaling \$1,977,516.<sup>20</sup> Leshar was ordered to pay additional restitution such that the total restitution to USAC was \$2,164,956.12.<sup>21</sup>

<sup>17</sup> Attachment 15 (Letter from Julie Botel to John Weaver (June 4, 2003)); Attachment 16 (Letter from John Weaver to William Gretton (June 19, 2003)).

<sup>18</sup> Attachment 17 (Press Release, U.S. Dept. of Justice, Middle District of Pennsylvania (Dec. 8, 2003)).

<sup>19</sup> Attachment 18 (Plea Agreement of Ronald Morrett (filed Dec. 8, 2003)), at 7.

<sup>20</sup> Attachment 19 (Judgment, *United States v. Weaver* (Mar. 1, 2005)); Attachment 20 (Judgment, *United States v. Morrett* (May 16, 2005)).

<sup>21</sup> Attachment 21 (Judgment, *United States v. Leshar* (Apr. 22, 2005)).



On or shortly after the day that the charges were announced, the District's new E-rate consultants (Tritt Schell and Kriete) contacted SLD Vice President George McDonald and SLD's fraud investigator, Ray Mendiola, to inform them about the charges and outline the District's cooperation with local and federal enforcement agencies. Tritt Schell and Kriete faxed a copy of the charging documents and the press release to USAC and asked that USAC immediately cease all payments to EMO. In January 2004, Tritt Schell and Kriete again contacted USAC and reminded them of the District's willingness to cooperate with USAC's investigation. In a March 23, 2004 letter to McDonald, the District provided USAC with a list of the steps it had taken to ensure that any pending and future requests for payments would be proper.<sup>22</sup>

SLD conducted its initial site visit in or about May 2004 to review EMO-related records. The District also hired a computer forensics company to attempt to retrieve electronic files from Weaver's computer in order to provide those files to USAC's investigator.

USAC then, in February 2005, conducted a Site Inventory Audit. The District fully cooperated with the audit. As a result of that audit, on March 2, 2005, the District received Detailed Exception Worksheet #1, which stated that the District had received 787 laptop servers (valued at \$1,250,373.91) that were not eligible for E-rate funding.<sup>23</sup> The District responded to the Report on March 30, 2005, arguing that the amount of restitution ordered against the three fraud conspirators should be credited toward any repayment obligation that the District might incur.

Over two months after USAC issued Detailed Exception Worksheet #1, Morrett was sentenced in the United States District Court for the Middle District of Pennsylvania. At the sentencings of Morrett and Weaver, the District forwent any claim for restitution to the District, asking that all restitution be directed to USAC. The Court specifically found that "[t]he federal agency involved is the E-Rate program administered by the Universal Services Administration [*sic*], and the schools and library division [*sic*] of the Federal Communications Commission, and this is the agency that is entitled to full restitution."<sup>24</sup>

After submitting its March 30, 2005 response, the District heard nothing from USAC for two and a half years. On September 20, 2007, it received the Notification of Improperly Disbursed Funds, stating that USAC seeks to recover \$2,885,474.96 jointly

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<sup>22</sup> Attachment 22 (Letter from William Gretton, III, to George McDonald (Mar. 23, 2004)).

<sup>23</sup> Attachment 23 (Detailed Exception Worksheet #1 (Mar. 2, 2005)).

<sup>24</sup> Attachment 24 (Excerpt from Transcript of Sentencing Hearing of John Weaver (Mar. 1, 2005)), at 44; Attachment 2 (Excerpt from Transcript of Sentencing Hearing of Ronald Morrett (May 16, 2005)), at 33. At the Weaver hearing, the Court was clearly referring to USAC and its Schools and Libraries Division, as well as the FCC, when it referred to the "Universal Services Administration" and "the schools and library division of the Federal Communications Commission." At Morrett's sentencing hearing, Morrett's attorney represented that EMO would forgive certain outstanding amounts allegedly owed to EMO by the District. That representation proved inaccurate, as EMO later initiated legal process against the District for outstanding indebtedness. No further action has occurred since the Writ of Summons was issued.

and severally from the District and EMO “for equipment and/or services that were not delivered to the applicant.”<sup>25</sup> In a conversation with USAC’s counsel, USAC clarified that the Notification of Improperly Disbursed Funds covers services that were not received, and not the laptop servers addressed by Detailed Exception Worksheet #1. The Funding Disbursement Report attached to the Notification stated, “USAC has determined that the applicant and service provider are responsible for this rule violation.”<sup>26</sup> This appeal follows.

**I. USAC’s Determination that the District Is Responsible for the Disbursement of Funds for Services Not Received Ignores Both the FCC’s Guidance and Well-Established Principles of Agency Law**

USAC’s determination that the District is responsible for the disbursement of funds for services not received – and its concomitant decision to seek recovery from the District – ignores the facts, ignores the FCC’s guidance as to when an applicant should be determined to be responsible, and ignores the law of agency. Indeed, USAC’s determinations would further victimize the victim.

The District was a direct victim of the fraud perpetrated by John Weaver and Ron Morrett. At Morrett’s behest, Weaver defrauded the District of his honest services and violated his fiduciary duty to his employer by falsely certifying that the District had received services that were never provided. The plain truth was that, unbeknownst to the District, Weaver had ceased acting on the District’s behalf and was acting instead on behalf of himself, Morrett and EMO. The stolen money went to EMO, not the District. With the exception of the bribes themselves, EMO and Ron Morrett were the sole beneficiaries of Morrett and Weaver’s illicit enterprise with respect to the services for which USAC now seeks recovery in the Notification.

**A. USAC’s Determination that the District Is Responsible Ignores FCC Guidance**

Citing no law and no order of the Commission, USAC has determined that the District was responsible for funds that were disbursed for services that were never delivered. The standard for determining whether a violation of Commission rules or regulations has occurred “is the same standard that we use in our enforcement actions: specifically, whether a party has willfully or repeatedly failed to comply with any provision of the Act or any rule, regulation, or order issued by the Commission, based on a preponderance of the evidence.” *Schools and Libraries Universal Service Support Mechanism*, Fifth Report and Order, FCC 04-190, 19 FCC Rcd 15808, 15832-33 (¶73) (2005). The District itself, however, did not make false certifications to USAC, nor did it authorize Weaver to do so. As discussed further below, Weaver was acting well outside

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<sup>25</sup> Attachment 1.

<sup>26</sup> Attachment 1. The District does not know whether EMO Communications is a going concern or whether it is effectively judgment-proof. Assuming the latter, which seems likely for a small company whose president was sent to prison for bribery, USAC’s request will fall entirely on the District’s shoulders.

the scope of his agency and against his employer's interest. Indeed, Weaver was committing honest services fraud against his employer in making the false certifications. Furthermore, not only did the District not perpetrate the fraud, it actually uncovered the scheme, immediately informed authorities, and was lauded by authorities for its help throughout the investigation. Such actions can hardly be said to constitute willful or repeated violation of the Commission's rules at all, much less by a preponderance of the evidence.

The Commission has further stated that "recovery actions should be directed to the party or parties that committed the rule or statutory violation in question." *Federal-State Joint Board on Universal Service; Changes to the Board of Directors for the National Exchange Carrier Association, Inc.; Schools and Libraries Universal Service Support Mechanism*, Order on Reconsideration and Fourth Report and Order, FCC 04-181, 19 FCC Rcd 15252, 15255 (¶10) (2004) ("Fourth Report and Order"). In making that determination, USAC must consider "which party was in a better position to prevent the statutory or rule violation, and which party committed the act or omission that forms the basis for the statutory or rule violation." *Id.* at 15257 (¶15).

The Commission gave examples of when recovery from a school or library would be appropriate, and when recovery from a service provider would be appropriate:

- Recovery against a *school or library* is appropriate if it "commits an act or omission that violates our competitive bidding requirements, our requirement to have necessary resources to make use of the supported services, the obligation to calculate properly the discount rate, and the obligation to pay the appropriate non-discounted share." *Id.*
- Recovery against a *service provider* is appropriate if it "fails to deliver supported services within the relevant funding year" or "fails to properly bill for supported services." *Id.*

Applying this guidance to the facts here, it is clear that EMO, the service provider, is the responsible party. EMO "fail[ed] to deliver supported services within the relevant funding year" – indeed, it failed to deliver them at all. Furthermore, it was EMO that paid Weaver to falsify his certifications and that itself submitted false SPIFs to USAC. EMO is clearly the party that "was in a better position to prevent the statutory or rule violation, and [that] committed the act or omission that forms the basis for the statutory or rule violation." *Id.* at 15257 (¶15). The District has been accused of none of the things that the Commission considers appropriate grounds for seeking recovery against a school or library.

## **B. Basic Principles of Agency Law Preclude USAC from Holding the District Vicariously Liable for Weaver's Fraud**

Although nowhere stated in USAC's Notification, the only conceivable rationale for its attempt to recover funds from the District is that the District should be held vicariously liable for the fraud perpetrated by one of its employees (Weaver). But that rationale is not supported by basic principles of agency law.

"It is well settled that an employer is held vicariously liable for the negligent acts of his employee which cause injuries to a third party, provided that such acts were committed during the course of and *within the scope of the employment*." *R.A. v. First Church of Christ*, 748 A.2d 692, 699 (Pa. Super. Ct. 2000) (citing *Fitzgerald v. McCutcheon*, 410 A.2d 1270, 1271 (Pa. Super. Ct. 1979)) (emphasis added).<sup>27</sup> The "core issue" when evaluating whether an employee's actions fell within the scope of his authority is whether he intended those actions to serve his employer. *Siemens Bldg. Tech., Inc. v. PNC Fin. Servs. Group*, 226 Fed. Appx. 192, 196-97 (3d Cir. Apr. 3, 2007) (refusing to impose vicarious liability when a corporation's employee forged payroll checks for her own benefit and later cashed them at the plaintiff bank). It is the plaintiff's burden to prove that the employee "was motivated 'at least in part, by a purpose to serve'" his employer. *Id.* at 196; *see also* Restatement (Second) of Agency § 228 (2004) ("Conduct of a servant is not within the scope of employment if it is different in kind from that authorized, far beyond the authorized time or space limits, or *too little actuated by a purpose to serve the master*.")) (emphasis added).

In the instant proceeding, Weaver was plainly acting outside the scope of his employment. Nothing he did was intended to, or did, benefit his employer – the District – in any way. He did not, for example, overbill the government, skim money off the top of the disbursement and give the rest to the District. Had he done so, his actions could conceivably have fallen within the scope of his employment, as the District would still have received some benefit from his actions. *See Pac. Mut. Life Ins. Co. v. Haslip*, 499 U.S. 1, 13 (1991) (affirming an insurance company's vicarious liability when its employee's actions, although unauthorized, economically benefited the company). But the District never received any of the services at issue in this Notification.<sup>28</sup> Nor did it receive any of the funds disbursed by USAC – all of which went directly to EMO. EMO was the sole beneficiary of the fraud with respect to these services.

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<sup>27</sup> The agency issues in the instant dispute are governed by common-law agency principles, not the law of any particular state. *See Cmty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 740 (1989) ("In past cases of statutory interpretation, when we have concluded that Congress intended terms such as 'employee,' 'employer,' and 'scope of employment' to be understood in light of agency law, we have relied on the general common law of agency, rather than on the law of any particular State, to give meaning to these terms."). Pennsylvania courts, like most courts, follow the Restatement (Second) of Agency, which the Supreme Court has called "a useful beginning point for a discussion of general agency principles." *Burlington Indus. v. Ellerth*, 524 U.S. 742, 755 (1998).

<sup>28</sup> The Notification specifically does not include the laptop servers that were also funded by FRN 639696. Those laptop servers were the subject of Detailed Exception Worksheet #1 and are not included in this Notification.



The Third Circuit has declined to hold an employer responsible for the acts of a rogue employee in circumstances strikingly similar to those at issue here. In *Estate of Beim v. Hirsch*, 121 Fed. Appx. 950 (3rd Cir. Feb. 11, 2005), David Hirsch concocted a check-kiting scheme (just as Morrett concocted the fraud scheme at issue in the instant matter). To help him carry out that scheme, Hirsch enlisted the help of a bank teller (just as Morrett enlisted Weaver). The teller would lie to potential victims of the scheme about the amount of money that Hirsch had in the bank; she would execute official cashier's checks on his account to assist with the scheme; and she would conceal any overdrafts that Hirsch made. *Id.* at 951-52. In exchange for this, Hirsch gave the teller approximately \$7,000 in bribes. After the scheme was discovered, the victims sued (among other parties) the bank for which the teller had worked, arguing the bank should be vicariously liable for its employee's participation in the scheme.

The district court granted summary judgment for the bank, stating that "vicarious liability could not be established where an employee's conduct 'would be "outrageously criminal" and "not in any sense in the service of the employer's interest."'" *Id.* at 953 (quoting *Gotthelf v. Prop. Mgmt. Sys., Inc.*, 459 A.2d 1198, 1200 (N.J. Super. Ct. App. Div. 1983)). The district court also noted that "[t]he fact that [the teller] received approximately \$7,000 in gifts from Hirsch was additional evidence that [the teller's] illegal conduct was entirely in furtherance of her own personal interests." *Id.* The Third Circuit affirmed the district court's decision, finding ample evidence that the teller "was acting out of self-interest rather than a purpose to serve" the bank.

This case is on all fours with *Hirsch* and the many other cases holding that when a rogue employee acts for his own benefit, not the benefit of his employer, the employer should not be subjected to vicarious liability. *See also, e.g., Attallah v. United States*, 955 F.2d 776, 781-82 (1st Cir. 1992) ("Essentially, there must be some link between the intentional criminal act committed by the employee, and the legitimate interests of the employer."); *Shaup v. Jack D's, Inc.*, No. 03-5570, 2004 U.S. Dist. LEXIS 16191, at \*4 (E.D. Pa. Aug. 17, 2004) ("Conduct of a servant is not within the scope of employment if it is different in kind from that authorized, far beyond the authorized time or space limits, or too little actuated by a purpose to serve the master.") (emphasis added) (internal quotation marks and citation omitted).

That principle applies with even more force here, where the District not only did not *benefit* from Weaver's actions, but was actually *harmed* by them. As a direct result of Weaver's fraud, the District was forced to expend scarce resources for outside investigation, legal representation with respect to the prosecutions of Morrett and Weaver, and forensic support for USAC's investigations. Those expenses have totaled more than \$150,000 to date. In addition, the District had its legitimate E-rate support halted for over a year, creating hardship for itself and its innocent vendors. *See Todd v. Skelly*, 120 A.2d 906, 909 (Pa. 1956) ("Where an agent acts in his own interest which is antagonistic to that of his principal, or commits a fraud for his own benefit in a matter which is beyond the scope of his actual or apparent authority or employment, the principal who has received no benefit therefrom will not be liable for the agent's tortious act."); *Cover v. Cushing Capital Corp.*, 497 A.2d 249, 252-53 (Pa. Super. Ct. 1985).

(refusing to impose vicarious liability when a broker-dealer's fraud scheme "was outside the scope of his employment and was antagonistic to his principal," and when his employer "had no knowledge of [his] personal machinations, which were calculated to line his pockets at the expense of his friends and customers"). To hold the District vicariously liable for Weaver's fraud would be to punish it twice for a crime that it did not even commit.

Finally, this is not a situation where vicarious liability can or should be established based upon an "apparent agency" or "aided by the agency" analysis, *see* Restatement (Second) of Agency § 219(2)(d). This case "involves misuse of actual power, not the false impression of its existence," making apparent agency analysis inapplicable. *See Burlington Indus. v. Ellerth*, 524 U.S. 742, 759 (1998). Similarly, cases applying "aided by the agency" analysis deal with "actions brought under very specific statutory schemes designed to govern sexual harassment and other employment-related claims." *Siemens*, 226 Fed. Appx. at 198. To apply that analysis to a fraud claim where the employee in no way acted to benefit his employer "would, in effect, strip certain prongs from the 'scope of employment' aspect of the *respondeat superior* test" and would constitute "a massive shift in the New Jersey law of agency" (which, like most courts, follows the Second Restatement). *Id.*

## **II. Holding the District Responsible Is Clearly Erroneous When USAC Could Obtain, But Has Failed to Obtain, Sufficient Restitution from Morrett**

USAC also should not find the District to be a responsible party because USAC could have obtained full restitution from Morrett, the fraud perpetrator and president of EMO, which received all the proceeds of the fraud. USAC's failure to seek full restitution from Morrett at the time of sentencing significantly prejudiced the District, particularly if EMO now turns out to be judgment-proof.

The fact that more than \$5 million in funds were disbursed for services not received as a result of Morrett and Weaver's fraudulent enterprise was clearly known to USAC prior to Morrett's sentencing, and likely even Weaver's. The District notified USAC about the bribery scheme on or about the day that criminal charges were announced – December 8, 2003, as soon as the details were publicly known. The District provided copies of the indictments to USAC, which detailed the bribery scheme and the dates and amounts of the bribes. The District fully cooperated with both USAC site visits, including the site inventory audit conducted in February 2005, which was completed more than two months before Morrett was sentenced. That audit was the only one conducted by USAC, and it is the apparent basis for the Notification and its finding that \$5,050,430.96 was disbursed for services that were not provided. USAC clearly understood the information it had learned at the site inventory audit before March 2005, when it issued Detailed Exception Worksheet #1 finding that the laptop servers funded

under FRN 639696 were ineligible services.<sup>29</sup> The District even informed USAC of the March 2005 and May 2005 sentencing dates for both Weaver and Morrett, respectively.

Under the Mandatory Victims Restitution Act of 1996, 18 U.S.C. §§ 3663A, 3664 *et seq.*, USAC could have obtained the entire \$5,050,430.06 that it now claims was disbursed for services not delivered, leaving no amount to be recovered from the District. *See, e.g., United States v. Lessner*, 498 F.3d 185, 201 (3d Cir. 2007) (“Under 18 U.S.C. § 3663A, *full restitution is mandatory* when an identifiable victim has suffered pecuniary loss and the defendant is convicted of ‘an offense against property’ under Title 18, including ‘an offense committed by fraud or deceit.’”) (quoting 18 U.S.C. § 3663A(a)(1), (c)(1)) (emphasis added); *United States v. Zakhary*, 357 F.3d 186, 189 (2d Cir. 2004) (stating that the MVRA “requires a court to order full restitution to the identifiable victims of certain crimes, including fraud, without regard to a defendant’s economic circumstances”).

Yet, inexplicably, USAC did not seek full restitution from Morrett as part of his sentence. Had USAC presented the court with the proof of its loss that it uses as the basis for the Notification – facts that were clearly in USAC’s possession at that time – the Court would have had no alternative but to order Morrett to disgorge not just whatever portions of the bribes could not be disgorged from Weaver, but additional amounts to cover the fruits of the bribery scheme as well – all of which flowed to EMO and presumably through EMO to Morrett.<sup>30</sup>

USAC’s failure to seek the additional restitution from Morrett, and even its failure to issue this Notification prior to Morrett’s sentencing, severely compromised the

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<sup>29</sup> USAC reached this conclusion notwithstanding the fact that Weaver told USAC, prior to the issuance of the Funding Commitment letter and in apparent response to USAC inquiries, precisely what use it intended to make of the laptop servers – including that the teachers would operate them as servers for their students. USAC then approved the funding commitment and Form 486 with full knowledge of the intended use. The Detailed Exception Worksheet, however, reversed that decision, without acknowledging USAC’s own prior determinations and knowledge. That report stated that the laptop servers were not eligible for E-rate funding because, according to the Fiscal Year 2001 Eligible Services List, “Laptop computers are eligible for discount only if they are used as an eligible server.” *See* Attachment 23. USAC concluded that “if an end user is operating the equipment, it does not qualify as an eligible server, and is therefore, ineligible.” *Id.* It cited no regulation in support of that conclusion. Given that USAC is specifically prohibited from making policy, *see* 47 C.F.R. § 54.702(c) (“The Administrator may not make policy, interpret unclear provisions of the statute or rules, or interpret the intent of Congress.”), it is not clear that USAC is authorized to make such a determination. *See also* U.S. Government Accountability Office, GAO-05-151, *Telecommunications: Greater Involvement Needed by FCC in the Management and Oversight of the E-Rate Program*, at 27 (February 2005) (“[E]ven though USAC procedures are issued with some degree of FCC approval, enforcement problems could arise when audits uncover violations of USAC procedures by beneficiaries or service providers. The FCC IG has expressed concern over situations where USAC administrative procedures have not been formally codified because commission staff have stated that in such situations, *there is generally no legal basis to recover funds from applicants that failed to comply with the USAC administrative procedures.*”) (emphasis added), available at <http://www.gao.gov/new.items/d05151.pdf>.

<sup>30</sup> *See* Notification Letter, Funding Disbursement Report (Sept. 20, 2007) (reducing the total disbursed amount by the amount of court-ordered restitution to determine the recovery amount being sought here) (Attachment 1).

District's ability to protect its interests. At the time of the sentencing, the District had received no indication from USAC that USAC intended to seek to obtain the fruits of the fraud from the District, a fraud victim, rather than Morrett and EMO, the fraud beneficiaries. Thus, the District could not have submitted at Morrett's sentencing its own claim for restitution of the amounts that USAC would not demand until over two and a half years later.

USAC cannot credibly respond that it needed more time to discover the full extent of the loss and thus could not have submitted a full claim for restitution at the time Weaver and Morrett were sentenced. The MVRA forecloses that argument. Under the MVRA, USAC could have asked the court for up to 90 days after the sentencing date to determine and then request the full restitution amount. *See* 18 U.S.C. § 3664(d)(5). And even if USAC maintained that it did not know the full amount of the loss until the date it sent the Notification Letter – September 20, 2007 – it could *still* ask the court for the full amount now. *See Zakhary*, 357 F.3d at 190 (“If a victim thereafter discovers losses that could not reasonably have been included in his initial claim for restitution, that victim may, within sixty days of discovering the loss, petition the court for an amended restitution order.”) (citing 18 U.S.C. § 3664(d)(5)).

Accordingly, because the District cannot be held vicariously liable for Weaver's false certifications, because the District was extremely prejudiced by USAC's failure to seek full restitution from fraud beneficiary Morrett, and because USAC even now could petition the court to order full restitution from Morrett, USAC should reverse its determination that the District is responsible for the disbursement of funds for services not received.

### **III. USAC's Notice to the District Was Plainly Insufficient as a Matter of Law**

In addition to being substantively erroneous, USAC's September 20, 2007 Notification of Improperly Disbursed Funds comported neither with the Commission's regulations nor with the minimum notice requirements of due process.

It is well-settled that a fraud claim – which is what the Notification essentially is – must be pled with more specificity than other claims for relief. *See* Fed. R. Civ. P. 9(b) (“In all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated *with particularity*.”) (emphasis added). To that end, 47 C.F.R. § 1.1911(b)(1) requires that USAC inform a debtor of the “*basis* for the indebtedness” – which necessarily must include more than general averments (emphasis added). USAC's Notification plainly failed to do that. For example, it failed to include invoices for services that were supposedly funded but never delivered. Nor did the Notification specify the dates on which these services were supposed to have been received, how much they cost, and how much USAC allotted for each of them. Without these details, the District cannot respond effectively to USAC's letter.

The Funding Disbursement Report attached to the Notification stated that “USAC disbursed \$5,050,430.96 for equipment and/or services that were not delivered to the



applicant.” It described only in general terms what the District was supposed to have received but did not: “installation of wireless antenna/testing, upgrade 3/3/0 to 5/5/5, server burn in/load, and 5 yr. extended maintenance for antenna/server.” *Id.* The Report did not specify how much money was disbursed for any particular service or piece of equipment, or when those things should have been delivered. It did not even specify the invoices on the basis of which funds were disbursed.

These omissions are more than a technicality, because lack of adequate notice precludes the District from being able to confirm or contest the actual amount of the alleged indebtedness. The alleged amount of improperly disbursed funds is stated in the Notification as \$5,050,430.96. However, the SPIFs and certifications signed by Weaver indicate funding requests of over \$6.1 million. The Notification reports total funds disbursed under FRN 639696 as \$6,037,316.27. Without any documentation or substantiation by USAC in the Notification, the District cannot specifically confirm or deny that \$6,037,316.27 was the total amount of support disbursed for FRN 639696 (all of which funding went directly to EMO). Nor can the District confirm or deny that \$5,050,430.96 was the appropriate amount of disbursed funds attributable to the services that were not received. It is clear that the difference between either the amounts on the SPIF and Service Provider Confirmations or the total amount of disbursed funds in the Notification and the \$5,050,430.96 in alleged funds attributable to services not received cannot be accounted for simply by deducting the \$1,250,373.91 that was attributed to laptop servers in Detail Exception Worksheet #1.<sup>31</sup>

It is certainly possible that USAC has correctly calculated the amount that it alleges to have been improperly disbursed. But without knowing more about the basis for USAC’s allegations – including, at a minimum, the invoices that it believes were improperly paid and how the USAC allocated the amounts within those invoices to the services not provided – the District cannot adequately respond to USAC’s allegation. Absent such adequate notice, forcing the District to reimburse USAC for the allegedly improperly disbursed funds would violate due process. *See Wilkinson v. Austin*, 545 U.S. 209, 225-26 (2005) (stating that “receive[ing] notice of the factual basis” of an allegation “a fair opportunity for rebuttal” are “among the most important procedural mechanisms for purposes of avoiding erroneous deprivations”); *Fuentes v. Shevin*, 407 U.S. 67, 80 (1972) (“For more than a century the central meaning of procedural due process has been clear: ‘Parties whose rights are to be affected are entitled to be heard; and in order that they may enjoy that right they must first be notified.’”) (quoting *Baldwin v. Hale*, 68 U.S. 223, 233 (1864)).

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<sup>31</sup> Nor does the \$5,050,436.96 correspond to either the \$6,150,760 approved in the Funding Commitment Letter and Form 486, or the \$6,037,316.27 in total disbursed funds listed in the Notification, less 88% of the \$1,250,373.91 for the laptop servers from Detailed Exception Worksheet #1.

#### **IV. Nothing Indicates that USAC Received the Required Justice Department Authorization to Seek Recovery in this Matter**

Assuming *arguendo* that USAC has the authority to recover improperly disbursed E-rate funds on behalf of the Commission, that authority is limited when fraud is involved.

The Commission is required to refer fraud claims to the Justice Department. *See* 47 C.F.R. § 1.1902(c) (“Claims... in regard to which there is an indication of fraud, the presentation of a false claim, or a misrepresentation on the part of the debtor or any other party having an interest in the claim, shall be referred to the Department of Justice (DOJ) as only the DOJ has authority to compromise, suspend, or terminate collection action on such claims.... [T]he Commission shall promptly refer the case to the Department of Justice for action.”). After referral has been made, the Justice Department, “[a]t its discretion... may return the claim to the forwarding agency for further handling in accordance with the standards in the FCCS.” *Id.*

If the fraud claim at issue here has not been returned to the Commission, then Section 1.1902(c) makes clear that neither the Commission nor USAC are authorized to seek recovery from the District. All fraud claims, without exception, must first be referred to the Justice Department. Only after referral and the subsequent, discretionary return to the Commission does the Commission – and by extension, USAC – have the power to pursue a fraud claim. Nothing in USAC’s Notification indicates that the Justice Department has returned the claim to the Commission. As a result, it is not clear that USAC has the authority to seek recovery from the District.

It is no response for USAC to say that because the fraud at issue here was initially investigated not by it or the Commission, but rather by the Justice Department, the requirements of Section 1.1902(c) are inapplicable. Section 1.1902(c) makes clear that the Commission lacks the power to handle fraud cases with the Justice Department’s permission, and USAC is not empowered to do something that the Commission itself cannot do. Moreover, even if Section 1.1902(c) were to be considered unclear in the instant context, USAC is specifically prohibited from interpreting it without first seeking guidance from the Commission, which there is no indication that it has done here. *See* 47 C.F.R. § 54.702(c) (“The Administrator may not make policy, interpret unclear provisions of the statute or rules, or interpret the intent of Congress. Where the Act or the Commission’s rules are unclear, or do not address a particular situation, the Administrator shall seek guidance from the Commission.”); *In re Incomnet*, 463 F.3d 1064, 1072 (9th Cir. 2006).

Such an outcome should hardly be considered surprising. A fraud claim that is referred to the Justice Department will, as here, often result in the disgorgement of some or all of the fraud’s fruits. After such disgorgement has occurred, the Justice Department may decide that the harm has been remedied and that further prosecution of the fraud claim is unnecessary.

## V. Conclusion

USAC cannot now properly find that the District is responsible for the disbursement of funds for services not received. It cannot be disputed that Weaver acted wholly outside the scope of his employment when he falsely certified that the District had received services that had not been delivered by EMO. He was acting solely for his own benefit – and not the District’s – in furtherance of the bribery scheme perpetrated by Morrett on behalf of EMO. In seeking to recover the fruits of the fraud from the District, USAC seeks to expand vicarious liability beyond the scope recognized by the courts. Furthermore, USAC significantly prejudiced both its own and the District’s interests by failing to seek full restitution from Morrett at the time of sentencing, restitution to which USAC was fully entitled and that the Court would have been required to award, had USAC presented the claim. The \$5 million in proceeds from this illegal scheme went somewhere – and the one place that everyone knows it didn’t go is to the District. In concluding that the District is responsible for the violation, USAC seeks recovery from the wrong party.

In any event, USAC lacks both the authority to collect this claim, which by the plain terms of 47 U.S.C. § 1.1902 must be collected by the Department of Justice unless specifically returned by the Department of Justice to USAC and the FCC for collection. Furthermore, the Notification itself is legally insufficient to provide the District with the adequate information necessary to respond fully to the Notification.

Accordingly, USAC should overturn the Notification’s conclusion that the District is responsible for the service provider receiving payment for services and/or products that were not delivered to the District.

Sincerely,



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*Counsel to the Harrisburg City School  
District*

Enclosures

### DECLARATION OF WILLIAM R. GRETTON, III

I, William R. Gretton, III, hereby declare as follows, under penalty of perjury:

1. I am the Assistant Superintendent of Business Affairs for the Harrisburg City School District ("District"). I have been employed in that position or as Business Manager for the District since December 2001. In that position, I supervised John Weaver from December 2002 until his resignation. Thereafter, I have been personally involved with and directed the District's interactions with the Universal Service Administrative Company, the Office of the United States Attorney for the Middle District of Pennsylvania, and the United States District Court for the Middle District of Pennsylvania.

2. I have reviewed the foregoing letter of appeal of the Notification of Improperly Disbursed Funds. The facts pertaining to the Harrisburg City School District, its application for and receipt for E-rate funding for services, and its actions both leading to the report to the Harrisburg Police and subsequent thereto, as stated therein are true and correct, to the best of my knowledge.

  
William R. Gretton, III

Executed on: November 19<sup>th</sup>, 2007



**ATTACHMENT**  
**3**



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ATTORNEYS AT LAW

April 2, 2008

**VIA ELECTRONIC MAIL AND FIRST CLASS MAIL**

Universal Service Administrative Company  
Schools and Libraries Division  
Dept. 125 – Correspondence Unit  
100 South Jefferson Road  
Whippany, NJ 07981  
[appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org)

**Re: Supplement to Appeal of September 20, 2007 Notification of  
Improperly Disbursed Funds (Funding Year 2001)**

**Form 471 Application Number: 256221  
Billed Entity Number: 125727  
FCC Reg. Number: 0013480892**

Dear Schools and Libraries Division:

This letter supplements Applicant Harrisburg City School District's ("the District's") November 19, 2007 appeal of the September 20, 2007 Notification of Improperly Disbursed Funds ("the Notification") regarding Funding Request Number 639696. The reason for this letter is newly discovered evidence that the District obtained on March 11, 2008, in response to a November 29, 2007 Freedom of Information Act request it filed with the Federal Communications Commission.

The newly discovered evidence is a March 10, 2005 letter from USAC's Internal Audit Division (IAD) to Kristy Carroll, USAC Associate General Counsel (hereinafter "the IAD Letter"). The IAD Letter, a copy of which is enclosed, summarizes IAD's findings regarding its audit of the District and recommends how the Schools and Libraries Division should proceed.

The IAD Letter is important for two reasons. First, it shows that IAD itself recommended that recovery of \$5,050,430.95 in misappropriated funds (for services that the District never received) should be sought from EMO Communications, not the

District.<sup>1</sup> USAC nonetheless disregarded that recommendation and sought recovery from both the District and EMO.

Second, the IAD Letter shows that USAC knew exactly how much money was misappropriated well before EMO CEO Ron Morrett was sentenced—and thus could have asked the court to make Morrett pay restitution of the full amount.<sup>2</sup> As the District explained in its Appeal, the Mandatory Victims Restitution Act would have *required* the court to order such restitution if USAC had notified the court of the IAD's findings and sought recovery from Morrett. *See* Appeal at 13. But instead, USAC did nothing for two-and-a-half years—and then sought recovery of the \$5,050,430.95 from the District.<sup>3</sup> Under these circumstances, the District cannot be considered a responsible party because USAC had the opportunity to obtain full restitution from Morrett, who by any reckoning is the truly responsible party and the party that actually received the proceeds of the bribery scheme.

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<sup>1</sup> *See* IAD Letter at 4 (“Furthermore, the Internal Audit Division recommends that the SLD seek reimbursement of \$5,050,430.95 from EMO Communications for the 88 laptop servers that were not delivered and for services that were not provided to HCSD.”).

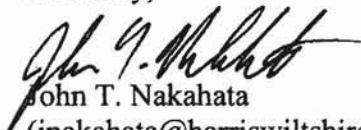
<sup>2</sup> *See id.* As the District noted in its Appeal, Morrett was sentenced on May 16, 2005—two months after USAC received the IAD Letter. *See* Appeal at 6.

<sup>3</sup> Technically, of course, USAC has also sought recovery of the \$5,050,430.95 from EMO. But given the lapse of time and the fact that EMO's CEO was sentenced to federal prison, it is highly doubtful that EMO is still a going concern. (The District, for its part, has not been able to locate EMO.) Thus, as a practical matter, the full burden of recovery will fall on the District, not EMO—and all because USAC slept on its right to recover from Morrett between the time it received the IAD Letter in March of 2003 and the time that Morrett was sentenced two months later.

Schools and Libraries Division, USAC  
April 2, 2008  
Page 3 of 3

In light of this new evidence, the District thus renews its request that USAC overturn the Notification's conclusion that the District is responsible for the service provider receiving payment for services and/or products that were not delivered to the District.

Sincerely,



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*Counsel to the Harrisburg City School  
District*

Cc: Kristy Carroll  
Jeremy Marcus  
Jennifer McKee

Enclosure



## Universal Service Administrative Company

**To:** Kristy Carroll, Associate General Counsel  
**From:** Internal Audit Division  
**Date:** March 10, 2005  
**Re:** Schools and Libraries Investigative Report - Harrisburg City School District  
(USAC Audit No. SL2005IV001)

### Background Information

The Internal Audit Division was asked to perform a limited scope audit consisting of an inventory of equipment purchased with Funding Year 2001 E-rate funds by Harrisburg City School District (HCSD), Billed Entity Number 125727, from EMO Communications, Inc., Service Provider Identification Number 143023021. The allegation was that the former IT Director of HCSD signed service certifications for servers and services that were not delivered by EMO Communications. We performed our procedures in accordance with *Government Auditing Standards* (GAS) issued by the Comptroller General (2003 Revision).

In Funding Year 2001, SLD committed and disbursed \$14,492,641.28 to EMO Communications for 2 Form 471 applications, with a total of 20 Funding Request Numbers (FRNs). Based on our review of Item 21 attachments, IAD determined that only FRN 639696 pertained to the allegations against HCSD and the remaining FRNs were for wiring<sup>1</sup> (18 FRNs) and Uninterruptible Power Supplies (UPS's) (1 FRN) for the districts schools. Per HCSD, all wiring and UPS's were installed and no issues were noted with those FRNs. IAD determined that for FRN 639696, only an inventory of the servers and related services was necessary.

Harrisburg City School District received the following commitments and funding for servers, installation, and maintenance to be purchased from EMO Communications for FRN 639696 for the audit period:

<u>Service Type</u>	<u>Amount Committed</u>	<u>Amount Disbursed</u>
Internal Connections	\$6,150,760.00	\$6,150,760.00
Internet Access	0.00	0.00
Telecommunications	0.00	0.00
<b>TOTALS:</b>	<b>\$6,150,760.00</b>	<b>\$6,150,760.00</b>

<sup>1</sup> During our site visits we noted that all classrooms did have wiring installed and that it was operational.

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According to the current administration at HCSD, John Weaver, IT Director for HCSD, was solely responsible for the school district's E-rate applications during Funding Year 2001. In June 2003, a trainer noticed a discrepancy in the number of laptop servers that were planned to be issued to teachers. The trainer brought the discrepancy to the attention of Bill Gretton, Business Administrator of HCSD, who investigated and also found discrepancies between the number of servers that were funded by E-rate and the number of servers that had been delivered to the school district. Mr. Gretton brought this to the attention of Dr. Gerald Kohn, Superintendent of HCSD, who notified the Mayor of Harrisburg. The Harrisburg City Police and the FBI were notified by the Mayor and an investigation was started within 24 hours.

On December 8, 2003, the U.S. Department of Justice issued a press release detailing the findings of the Harrisburg City Police and the FBI's investigation. The press release alleges that kickbacks totaling approximately \$1,900,000 were received by John Weaver from Ronald Morrett, President of EMO Communications. Included in the press release was a copy of the Criminal Information filed against Morrett and Weaver that detailed the two counts filed against them.

Due to the kickback allegations, IAD attempted to determine whether there were any competitive bidding violations in Funding Year 2001. The applicant was unable to locate any information pertaining to the competitive bidding process and, therefore, IAD was unable to determine whether these violations occurred.

**Summary of Findings:**

- HCSD received 787 ineligible laptop servers.
- EMO Communications did not deliver 88 laptop servers that were invoiced to SLD.
- EMO Communications did not perform or provide installation, server burn in/load and maintenance for 875 servers that were invoiced to SLD.

**Ineligible Equipment**

HCSD's Funding Year 2001 FCC Form 471, number 256221, requested \$6,989,500 in pre-discount funding for the purchase of 875 terminal servers, installation, and maintenance. Upon arriving at HCSD's offices, we learned that the servers were laptop computers. These laptops were issued to teachers and were to be used to connect the student computers in the classrooms to the internet. Software was installed on the laptop servers that would allow the teachers to monitor the students' activities on their computers in the classrooms.

HCSD provided us with an inventory of 768 laptop servers and delivery confirmations for 787 laptop servers. According to the School District, all servers that were received through Funding Year 2001 E-rate funding were documented on the inventory list. HCSD was unable to provide an explanation for the discrepancy between the number of

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laptop servers delivered and the number on the inventory. During our equipment inventory, we selected 4 schools and physically verified 147 (19%) of the laptop servers on the district's inventory.

The Eligible Services List for Funding Year 2001 states that:

*The Laptop Computer is a lightweight portable computer designed for mobility. Typically, laptop computers contain the same functionality as the traditional desktop models. Laptop computers are eligible for discount only if they are used as an eligible server. However, in most cases laptop computers will not meet the definition of eligible Internal Connections and will be used as workstations which are not eligible for discount.*

*A Workstation is a personal computer that may operate in a stand-alone environment, or may be connected to a host mainframe computer as part of a network. Workstations, personal computers, or other end user components are not eligible for discount.*

Under SLD's definition, if an end user is operating the equipment, it does not qualify as an eligible server, and is therefore, ineligible. We determined that HCSD received 787 laptop servers, totaling \$1,250,373.91, that were ineligible for E-rate funding.

#### Missing Laptop Servers

HCSD provided delivery confirmations for 787 laptop servers. The laptop servers were delivered to HCSD by Intellimark, a third party vendor. EMO Communications provided an estimate to HCSD which showed \$1,390,187 as the laptop server portion of the \$6,989,500 requested on the Funding Request. We determined that EMO Communications did not deliver 88 laptop servers, totaling \$139,813.09, that were billed to SLD.

#### Services Not Performed

EMO Communications invoiced SLD for services, totaling \$5,599,313, which it did not provide to HCSD. Included in the invoiced amount was \$2,029,085 for "installation: wireless ant/test", \$474,352 for "upgrade 3/3/0 to 5/5/5", \$1,698,285 for "server burn in/load" and \$1,397,618 for "maintenance extended 5yr ant/server". Per HCSD officials, EMO Communications did not perform any of the above mentioned services. All laptop servers were delivered to HCSD from Intellimark IT Business Solutions. Upon receipt, a school district technician performed all setup and testing of all laptop servers that were received. Also, EMO Communications has provided no maintenance services to HCSD. The school district's technicians performed all needed maintenance and repairs to the laptop servers.



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### **Summary**

Our investigation revealed the following findings:

- HCSD received 787 ineligible laptop servers, totaling \$1,250,373.91; totaling \$1,100,329.04 after discount.
- EMO Communications did not deliver 88 laptop servers that were invoiced to SLD, totaling \$139,813.09; totaling \$123,035.52 after discount.
- EMO Communications did not provide services that were invoiced to SLD, totaling \$5,599,313; totaling \$4,927,395.44 after discount.

### **Conclusion**

As a result of our investigation, USAC IAD has determined that SLD was invoiced, and disbursed, \$6,150,760 for ineligible equipment, and services that were not provided.

### **Recommendation**

The Internal Audit Division recommends that the SLD seek reimbursement of \$1,100,329.04 from HCSD and EMO Communications for the 787 ineligible laptop servers that were purchased with E-rate funds. Furthermore, the Internal Audit Division recommends that the SLD seek reimbursement of \$5,050,430.95 from EMO Communications for the 88 laptop servers that were not delivered and for services that were not provided to HCSD.

### **Applicant Response**

Applicant response is attached to the investigative audit report as Appendix 1.

### **USAC Office of the General Counsel Response**

John Weaver pled guilty to Conspiracy to Engage in Bribery in a Federally Funded Program, and Criminal Forfeiture, and was sentenced to 36 months in prison on March 1, 2005. The judgment in this case requires Weaver, and defendants in related cases including EMO Communications President Ronald Morrett, Jr to make restitution to USAC in the amount of \$1,977,516. Morrett has not yet been sentenced. USAC will seek recovery of the remainder of the funds consistent with the court's judgments in the cases.

### **SLD Response**

SLD does not disagree with the recommendation of the Internal Audit Division to seek recovery of the entire amount disbursed nor with the recommendations for the parties



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from whom recovery should be sought. However, SLD will defer any collection activity until it receives appropriate guidance from USAC Legal.

This concludes the results of our investigation. This report is intended solely for the use of USAC and the FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes.

cc: Ms. Lisa Zaina, USAC Chief Executive Officer  
Mr. Scott Barash, USAC Vice President and General Counsel

## **Appendix 1 - Harrisburg City School District Response**

### **Response of the Applicant, Harrisburg City School District, to Universal Service Administrative Company Detail Exception Worksheet # 1 Funding Year 2001**

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#### *I. Introduction and Summary of Position*

The Harrisburg City School District ("District" or "Harrisburg SD") appreciates the opportunity to submit this Response to the Detail Exception Worksheet # 1 ("Exception") for Funding Year 2001, for consideration by the Schools and Libraries Committee regarding this matter. The inventory audit giving rise to this Exception grew out of a criminal prosecution of the District's former technology director, John Weaver, and Ronald Morrett, the former President of EMO Communications, Inc., a former technology vendor for the District.

The District poses no opposition to the finding that the value of the laptop servers amounting to \$1,250,373.91 constitutes ineligible services associated with an FCC Form 471, number 256221, FRN 639696. The District, however, maintains that the value of this equipment has been recovered by the SLD through other related proceedings as a direct result of the District's cooperation with criminal authorities, and through payments ordered to be made by its former technology director. The District, therefore, urges the SLD to credit the District with these amounts recovered through other means, as explained more fully below. The SLD should refrain from ordering the District to incur any additional charges beyond the substantial costs already incurred in connection with the related criminal proceedings. In the following sections of this Response, the District will set forth a complete explanation and rationale for its position.

#### *II. The District Discovered the Suspicious Circumstances And Referred These Concerns to Law Enforcement Authorities, Which Led to Criminal Convictions Concerning A Certain E-rate Procurement for Funding Year 2001.*

The Harrisburg City School District was taken over by Harrisburg City Mayor, Steve Reed, in 2001, pursuant to state statute. A Board of Control was established to oversee the District and a new superintendent, Dr. Gerald W. Kohn, and new business administrator, William Gretton III, were hired to begin the process of rebuilding the District. E-rate was a task that had always rested with John Weaver, former technology director, and he was assisted by an E-rate consulting firm, E-rate Consulting, Inc. Initially, Dr. Kohn and Mr. Gretton had no reason to doubt Mr. Weaver's abilities or intentions, and the E-rate responsibility remained within Mr. Weaver's scope of responsibilities.

In April of 2002, the District received funding approval for FRN 639696 in the amount of \$6,150,000 for terminal servers, and associated services to be purchased from EMO

## Appendix 1 - Harrisburg City School District Response

Communications, Inc.<sup>2</sup> District records show that the prediscount price of the FRN for the computers, installation, certain upgrades ("3/3/0 to 5/5/5"), and an extended five-year maintenance warranty, amounted to \$6,989,500. Of that amount, the cost of 827 terminal servers was itemized as \$1,390,187, or a unit cost of \$1,681.

As the Exception notes, the District's records show that the District received delivery of 787 laptops. No other services, such as installation or maintenance or upgrades, were ever received by the District. In June of 2003, the District detected that untoward conduct may have occurred with respect to this transaction, and referred their concerns immediately to appropriate officials and law enforcement officers.<sup>3</sup> An extensive six-month law enforcement investigation followed. In December, 2003, the United States Attorney announced the criminal indictment of Mr. Morrett and Mr. Weaver for conspiring to make more than \$1.9 in kickback payments to one another in connection with this specific E-rate funding request.<sup>4</sup> The criminal prosecution and conviction of Mr. Weaver and Mr. Morrett that the United States Attorney initiated was the direct result of the District's disclosure of potential criminal wrongdoing to appropriate law enforcement authorities as soon as the District's business manager and Superintendent learned of the problem. **There can be no doubt that the District's timely notification to law enforcement authorities enabled successful criminal prosecutions of Mr. Weaver and Mr. Morrett.**

### *III. The District Has Fully Cooperated With, And Has Been Fully Forthcoming With The Schools And Libraries Division Regarding The Wrongdoing Committed By Its Former Technology Director.*

Immediately upon learning the potential wrong-doings, Dr. Kohn and Mr. Gretton transferred all E-rate responsibilities from the technology office into the business office; suspended and then terminated Mr. Weaver's employment; fired the former E-rate consultants and hired what they believe are two of the top E-rate consultants in the country both for their knowledge of the E-rate process but also their reputations for honesty and integrity. The instructions to the new District's consultants were simple: salvage the previous years' E-rate funding that is legitimate, ensure that this and future years' applications are above reproach, and restore our reputation with the SLD.

<sup>2</sup> The approved discount on the FRN was 88%.

<sup>3</sup> The District's suspicions were aroused because the person in charge of conducting computer training was unable to ascertain the location and delivery status of all of the computers in question. Despite repeated inquiries to both Mr. Weaver and EMO Communications, she was unable to obtain status information on when the computers would be available for training. When the District began its initial inquiries into the matter, the Business Manager and Superintendent quickly identified the potential for criminal behavior and contacted Mayor Reed, who immediately contacted Harrisburg City Police and the Federal Bureau of Investigation (FBI).

<sup>4</sup> A copy of the Press Release announcing the indictments is attached as Exhibit "1." More specifically, the indictments indicates that between April 2002 - when the FRN was approved by SLD - and May of 2003, Morrett and Weaver agreed that kickbacks totaling more than \$1.9 million were paid by Morrett to Weaver.

## **Appendix 1 - Harrisburg City School District Response**

On December 8, 2003, the day that the criminal prosecutions of Mr. John Weaver and the President of EMO Communications, Inc. were announced, the District's representatives--Julie Tritt Schell and Debra Kriete--contacted George McDonald to inform SLD of the criminal charges, explain how E-rate was involved, and to outline to Mr. McDonald the District's cooperation that was ongoing with criminal authorities, and that the District's full cooperation likewise would be extended to the SLD, with the SLD investigations that the District anticipated would follow.

Also during the December 8, 2003 conversation, Ms. Tritt Schell and Ms. Kriete requested SLD to stop issuing any and all payments to EMO that may be pending. The District's representatives also faxed to Mr. McDonald the Press Release announcing the criminal indictments.

On December 10, 2003, Ms. Tritt Schell contacted the SLD's Director of Internal Audits, Ray Mendiola, to inform him of the Weaver/EMO criminal prosecution and charges. She faxed him a copy of the press release and other public materials that the U.S. Attorney for the Middle District of Pennsylvania had issued in connection with the Weaver/EMO prosecution, and provided her contact information to him. She informed him that the District fully cooperated with the FBI's investigation, and that the District wanted to work with the SLD's investigation as well. Mr. Mendiola indicated that he was glad to learn of the District's willingness to cooperate, and advised that the SLD would later contact the District.

On January 16, 2004, Ms. Tritt Schell was speaking with Merry Lawhead on another matter, and raised the Harrisburg SD investigation. She informed Ms. Lawhead that she and Debra Kriete were the District's new E-rate consultants and were eager to assist the SLD with their investigation in any way possible. Merry informed Ms. Tritt Schell that she could not discuss the case and that if SLD had any questions, SLD would contact the District.

In the spring of 2004, Ray M. Mendiola, CFE, contacted the District to request an in-person meeting in order for Mr. Mendiola to review all files and papers relating to Mr. Weaver's E-rate procurement during Funding Year 2001. The District hosted the meeting at its lawyers' offices as the files in question had been secured there at the commencement of the criminal investigation. The District fully cooperated with this request, and diligently pursued the follow-up request from Mr. Mendiola to obtain the electronic files from Mr. Weaver's computer. Because Mr. Weaver had erased the files at issue, the District engaged the services of forensic technology firm that recovered as many files as possible. Mr. Mendiola recently returned to the District lawyer's offices to review these files on March 22, 2005.

With the assistance of the District's new E-rate consultants (Schell and Kriete) since the fall of 2003, the District has established and implemented a full E-rate compliance plan to assure that all applications and forms submitted on behalf of the District (as well as those pending as of the fall of 2003) meet all program requirements and pass the intensive

## **Appendix 1 - Harrisburg City School District Response**

scrutiny that the District anticipated SLD would perform following the Weaver/EMO announcement.

Specifically, Ms. Tritt Schell and Ms. Kriete were retained to provide E-rate consultation for Funding Years 2002, 2003, 2004 and 2005. At the District's request, they scrutinize all approved and pending FRNs for FY 2002 and FY 2003, to confirm whether the FRNs were fully supported by the District's documentation and in compliance with program rules. As a result:

- ✓ The District canceled three FRNs for FY 2003 following the consultants' review and determination that the District had not completed the procurement for the FRN, and canceled all EMO FRNs that were pending approval. In fact, when Loren Messina of the SLD's PIA review team contacted the District requesting additional information regarding the EMO FRNs in order to process the applications, we informed her on two separate occasions that there was an active SLD investigation into EMO and that we suggested she contact Ray Mendiola before proceeding with the processing of those FRNs.
- ✓ The District's consultants have worked fastidiously with Mick Kraft to confirm that various service provider invoices are accurate and legitimate and that various FRN service certification requests are properly documented relating to eligible equipment and services provided by Avaya, Inc. during FY 2002.<sup>5</sup>
- ✓ The District's consultants have worked to seek the approval of FY 2003 FRNs relating to maintenance service requests and voluntarily reduced the requested amount due to the uncovering of certain ineligible products covered under our maintenance contracts.

For Funding Year 2004 and 2005, the District prepared and comprehensive Requests for Proposals for almost all E-rate requests to ensure a fair and open competitive bidding process.

The District also implemented a comprehensive E-rate Compliance Plan that includes, but is not limited to:

- ✓ Preparation of a written RFP for any new technology procurements for priority 2 services and all major priority 1 procurements.
- ✓ Detailed review of prior invoices and SPIFs to assure program compliance.
- ✓ Research and validation of all FRNs for FY 2002, 2003 and 2004.

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<sup>5</sup> A copy of the District's correspondence dated March 29, 2004 concerning the Funding Year 2002 procurements is attached at Exhibit "2."



## Appendix 1 - Harrisburg City School District Response

- ✓ Ongoing advice and instruction to the District on appropriate documentation and recordkeeping responsibilities.
- ✓ Advice and instruction to all District E-rate vendors regarding the documentation and records that the District requires its vendors to present to the District concerning all invoices and requests for payments from either the District or from the SLD.

The SLD likewise has conducted vigorous scrutiny of the District's pending Funding Year 2003 and 2004 Form 471 applications and conducted a Selective Review for both Funding Years. In addition, at the behest of District officials, the District's Business Administrator and its new Director of Technology met with the USAC Vice President of the Schools and Libraries Division and the Director of Program Integrity Analysis in August 2004, to review all of the corrective measures that the District instituted once the E-rate procurement and compliance responsibilities were removed from Mr. Weaver.

Following the meeting, the District provided a written itemization of the numerous internal control procedures now implemented for each step of the E-rate procurement and payment process.<sup>6</sup> Each step involves multiple levels of review and oversight to assure the process is conducted openly and fairly, and in compliance with program rules. Different individuals are involved in the procurement process; the receipt of services; and, the payment authorization process. This structure assures that all transactions with vendors are conducted professionally and at arm's length.

The District also notified USAC's Office of General Counsel, Kristy Carroll in advance of the scheduling of Mr. Weaver's sentencing on March 1, 2005, to assure that USAC's interests would be properly represented at the hearing. Also as explained above, the District made certain that the \$1.977 million order of restitution designated USAC as the appropriate recipient of all funds recouped, and the District has opted to forego requesting that it receive any of these funds, notwithstanding the fact that the District has incurred significant expenses associated with the various investigations conducted by criminal law enforcement authorities and USAC.

The District is pleased to report that recently in the spring of 2005, it successfully passed both Selective Reviews, and received Funding Commitment Decisions Letters for its FY 2003 and 2004 applications. In short, the District has proven to the SLD that it has righted the course of its E-rate procurement and compliance program since the wrongdoings uncovered in Funding Year 2001, and the current inventory audit hopefully is the last step that the District must address in order to resolve finally all outstanding concerns regarding the Weaver-EMO Communications situation.

The District's activities to support and facilitate the criminal prosecutions of Mr. Weaver and Mr. Morrett, as well as to fully cooperate with USAC's investigations, has resulted in the District's incurrence of substantial expense, over \$100,000, which the District has been required to bear.

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<sup>6</sup> A copy of the District's correspondence dated October 11, 2004 is attached at Exhibit "3."



## Appendix 1 - Harrisburg City School District Response

### *IV. Mr. Weaver Has Been Sentenced And Ordered to Make Criminal Restitution of \$1.977 Million to USAC.*

On March 1, 2005, the United States District Court for the Middle District of Pennsylvania entered an award of restitution to USAC in the amount of \$1,977,516 during the sentencing of John Henry Weaver. Prior to sentencing, the District's counsel contacted and met with the assigned prosecutor from the United States Attorney's Office to express its position that, USAC as the primary victim, should receive all potential restitution to be awarded in this case.

The Federal district court adopted this recommendation and awarded restitution of nearly \$2 million to USAC and the E-rate program. Mr. Weaver will remain jointly and severally liable for the restitution award, along with Mr. Ronald Morrett and the additional defendants, who participated in this kickback scheme.

This restitution award represents the culmination of the District's cooperation with federal authorities' multi-year investigation into this matter. As noted during sentencing proceeding, the District's cooperation with respect to the investigation was immediate and has been unwavering. The amount of the criminal restitution order exceeds the value of the laptop servers (\$1,250,373.91) that the District received, and should be used to satisfy the District's obligation to return funds to USAC for these ineligible services.

### *V. All Funds Recovered to USAC Via the Criminal Restitution Award Should Be Credited Toward Satisfying Any Obligation of the District To Repay The \$1,250,373.91 of Ineligible Services That the District Received.*

The District does not take issue with the premise that it is bound by the improper conduct of its former technology director who secured the delivery of E-rate ineligible services. This fundamental premise underlies the SLD's Inventory Audit and the related Exception it has issued. Likewise, the District should be credited with the criminal restitution payments required to be made by its former technology director in satisfaction of any actions to be taken by USAC to recover improperly disbursed funds from the District. The amount of the criminal restitution order, \$1,977,516 exceeds the value of the laptop servers (\$1,250,373.91) that the District received, and should be used to satisfy the District's obligation to return funds to USAC for these ineligible services.

Under the Fourth Report and Order in the Schools and Libraries Universal Service Support Mechanism proceeding,<sup>7</sup> the FCC has made clear that USAC may pursue recovery actions against multiple parties in order to be made whole.<sup>8</sup> In the situation

<sup>7</sup> *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order on Reconsideration and Fourth Report and Order, FCC 04-181 (July 30, 2004).

<sup>8</sup> *Id.* at ¶15: "We recognize that in some instances, both the beneficiary and the service provider may share responsibility for a statutory or rule violation. In such situations, USAC may initiate recovery action against both parties, and shall pursue such claims until the amount is satisfied by one of the parties."

## Appendix 1 - Harrisburg City School District Response

where the service provider and applicant may both bear responsibility for the improper disbursement of funds, for example, the FCC has advised USAC that it may seek recovery from both parties until one party has satisfied the debt.<sup>9</sup>

The FCC's approach is consistent with federal common law and statutes, which prescribe that a victim, may not recover more than 100% of actual loss suffered, through restitution. 18 U.S.C. §3663; *United States v. Harris*, 7 F.3d 1537, 1539 (10<sup>th</sup> Cir. 1993); see also *United States v. Gottlieb*, No. 95-CR-40023-01 (April 3, 1998), *slip op.* at 6-7.

The Fourth Report and Order recognizes that USAC may seek repayment from either the applicant or service provider, or both parties. In the current situation, where USAC will recover funds through a restitution order against the District's former technology director, these funds should be credited toward any payments that the applicant District is required to pay, since the restitution order covers conduct that Mr. Weaver engaged in while employed with the District.

For all of the reasons set forth in this Response, the Harrisburg City School District respectfully requests that the SLD credit the District with these amounts recovered through the criminal restitution from John Weaver and refrain from ordering the District to incur any additional charges beyond the substantial costs already incurred in connection with the related criminal proceedings.

The District fully realizes the intense scrutiny that has befallen the E-rate program in recent years and sincerely apologizes that this situation may be cited as to how the program is not functioning as intended. Indeed, the District hopes that its conduct, upon discovering the fraud, can be used as an example of how the program *is* working and that fraud is detected and rectified promptly. The E-rate program is an amazing, invaluable initiative, and the District will work with elected officials to ensure that they understand that the fraud that was involved in this case is not rampant in the program, and should not cast a shadow over the immense benefits the program provides and has provided to schools and libraries over the last seven years. Not only are the program resources a major catalyst for improving education, particularly in poor, urban communities, but the planning that is required under the program truly makes schools consider technology and technology funding more strategically than ever before.

The District stands ready to address any questions that the Schools and Libraries Committee and the Board of the Universal Service Administrative Company. The District's consultants, Julie Tritt Schell and Debra Kriete, will be in Washington, DC in April 2005 during the week of the USAC board meetings and would appreciate the opportunity to address the Board at that time.

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(Emphasis added). The FCC clearly contemplated that USAC's efforts should focus on being made whole, and not recovering more than 100% of the outstanding debt.

<sup>9</sup> USAC appropriately has recognized the potential for recovery of more than the entire amount of the debt, and has sought additional guidance and clarification from the FCC to address these situations. See Proposed Audit Resolution Plan for Schools and Libraries Mechanism Auditees, October 28, 2004 at 6. ("USAC has sought guidance from the FCC on the following issues: ... 4) what action to take when both parties repay the funds.")

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**ATTACHMENT**  
**4**

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IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA  
HARRISBURG DIVISION

UNITED STATES OF AMERICA, : CASE NO.  
Plaintiff : 1:03-CR-00337-01  
vs. :  
RONALD MORRETT, : Harrisburg, PA  
Defendant : 16 May 2005  
.....: 10:22 a.m.

TRANSCRIPT OF SENTENCING PROCEEDINGS  
BEFORE THE HONORABLE CHRISTOPHER C. CONNER  
UNITED STATES DISTRICT JUDGE

APPEARANCES:

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275 Madison Avenue, 35th Floor  
New York, NY 10016  
(212) 681-0202

Court Reporter:

Wesley J. Armstrong, RMR  
Official Court Reporter  
U.S. Courthouse  
228 Walnut Street  
Harrisburg, PA 17108  
(717) 542-5569

1 necessary to provide just punishment and to  
2 promote respect of the law.

3 The court has considered the defendant's  
4 ties to the community and lack of criminal  
5 history, but considers them to be seriously  
6 outweighed by the nature of the offense which  
7 involves a blatant bribery scheme to influence  
8 payments under government contracts, and the  
9 defendant's continued inability to acknowledge  
10 his own culpability. The defendant, despite  
11 receiving an unopposed reduction for acceptance  
12 of responsibility, maintains in his sentencing  
13 memorandum and during today's hearing that he  
14 was in effect a victim forced by economic  
15 circumstances and his co-defendants's  
16 exhortations to make these payments against  
17 his will, but it is clear to the court that  
18 whatever the precise circumstances of the  
19 bribery scheme, the defendant knew what he was  
20 doing and engaged in the illegal conduct for his  
21 own benefit to secure a lucrative government  
22 contract.

23 He admitted as much during his plea  
24 colloquy, and cannot avoid responsibility  
25 for his actions now. To defer future criminal

1 activity and to ensure just punishment for the  
2 offense, a term of 36 months is appropriate.  
3 It may also be noted that this sentence roughly  
4 equates with the one imposed upon his  
5 co-defendant, and will promote consistency in  
6 sentencing.

7 The court finds that the defendant is  
8 unable to pay a fine. It is ordered that the  
9 defendant make restitution in the amount of  
10 \$1,977,516 to the Universal Service  
11 Administrative Company, that is the E-Rate  
12 program, at the address set forth in the  
13 presentence report. Restitution is imposed  
14 jointly and severally with the cases of John  
15 Henry weaver and Mark Leshner. No further  
16 payment shall be required after the sum of  
17 the amounts actually paid by both defendants,  
18 I should say all defendants, have fully covered  
19 the compensable losses.

20 The defendant is further ordered to pay a  
21 special assessment to the United States of \$100.  
22 Restitution and the assessment shall be paid  
23 through the clerk of court, are due in full  
24 immediately, and are payable during the period  
25 of incarceration, with any balance to be paid



**ATTACHMENT**  
**5**

**Schools and Libraries Universal Service Program  
Services Ordered and Certification Form 471  
Application Display**

**Block 1: Billed Entity Information**

**Applicant's Form Identifier:** Harrisburgs-Servers

**471 Application Number:** 256221

**Cert. Postmark Date:** 01/18/2001

**Out of Window Letter Date:** Not applicable

**Funding Year:** 07/01/2001 - 06/30/2002

**Form Status:** CERTIFIED - In Window

**Billed Entity Number:** 125727

**RAL Date:** 03/21/2002

**Name:** HARRISBURG CITY SCHOOL DIST  
**Address:** 1201 N 6TH ST  
**City:** HARRISBURG **State:** PA **Zip:** 17102

**Contact Name:** John Weaver  
**Address:** 1201 N 6TH ST  
**City:** HARRISBURG **State:** PA **Zip:** 17102

**Type of Application:** SCHOOL DISTRICT

**Ineligible Orgs:** N

**Block 3: Impact of Services Ordered in THIS Application**

**Number of students to be served:** 7642

**Number of library patrons to be served:**

SERVICE DESCRIPTION	BEFORE ORDER	AFTER ORDER
a. (Schools/districts/consortia only) Telephone service: How many classrooms had phone service before and after your order?	750	850
b. High-bandwidth voice/data/video service: How many buildings served before and after your order?	17	17
c. High-bandwidth voice/data/video service: Highest speed to a building before and after your order?	oc-12	oc-48
d. Dial-up Internet connections: How many before and after your order?	0	0
e. Dial-up Internet connections: Highest speed before and after your order?	t-1	t-1
f. Direct connections to the Internet: How many before and after your order?	1	1
g. Direct connections to the Internet: Highest speed before and after your order?	t-1	t-1
h. Internet access(for schools): How many rooms have Internet access before and after your order?	1102	1102
j. Internet Access: How many computers (or other devices) with Internet access before and after your order?	3500	4602

**Block 4: Worksheets**

---

**Worksheet A No: 283225**

**Student Count: 6598**

**Weighted Product (Sum. Column 8): 5820.4**

**Shared Discount: 88%**

---

**1. School Name: BATON-FELTON ACADEMY**

**2. Entity Number: 18262 3. Rural/Urban: Urban**

**4. Student Count: 56 5. NSLP Students: 41 6. NSLP Students/Students: 73.214%**

**7. Discount: 80% 8. Weighted Product: 44.8**

---

**1. School Name: BEN FRANKLIN ACAD PREP SCHOOL**

**2. Entity Number: 18264 3. Rural/Urban: Urban**

**4. Student Count: 0 5. NSLP Students: 0 6. NSLP Students/Students:**

**7. Discount: 89% 8. Weighted Product: 0**

---

**1. School Name: CAMP CURTIN ELEMENTARY SCHOOL**

**2. Entity Number: 18290 3. Rural/Urban: Urban**

**4. Student Count: 652 5. NSLP Students: 507 6. NSLP Students/Students: 77.760%**

**7. Discount: 90% 8. Weighted Product: 586.8**

---

**1. School Name: DOWNEY ELEMENTARY SCHOOL**

**2. Entity Number: 18265 3. Rural/Urban: Urban**

**4. Student Count: 252 5. NSLP Students: 209 6. NSLP Students/Students: 82.936%**

**7. Discount: 90% 8. Weighted Product: 226.8**

---

**1. School Name: FOOSE ELEMENTARY SCHOOL**

**2. Entity Number: 18277 3. Rural/Urban: Urban**

**4. Student Count: 400 5. NSLP Students: 329 6. NSLP Students/Students: 82.250%**

**7. Discount: 90% 8. Weighted Product: 360**

---

**1. School Name: HAMILTON ELEMENTARY SCHOOL**

**2. Entity Number: 18263 3. Rural/Urban: Urban**

**4. Student Count: 365 5. NSLP Students: 244 6. NSLP Students/Students: 66.849%**

**7. Discount: 80% 8. Weighted Product: 292**

---

**1. School Name: HARRISBURG HIGH SCHOOL**

**2. Entity Number: 18270 3. Rural/Urban: Urban**

**4. Student Count: 652 5. NSLP Students: 507 6. NSLP Students/Students: 77.760%**

**7. Discount: 90% 8. Weighted Product: 586.8**

---

**1. School Name: LINCOLN ELEMENTARY SCHOOL**

**2. Entity Number: 18266 3. Rural/Urban: Urban**

**4. Student Count: 494 5. NSLP Students: 389 6. NSLP Students/Students: 78.744%**

**7. Discount: 90% 8. Weighted Product: 444.6**

---

**1. School Name: MARSHALL ELEMENTARY SCHOOL**

**2. Entity Number: 18273 3. Rural/Urban: Urban**

**4. Student Count: 477 5. NSLP Students: 351 6. NSLP Students/Students: 73.584%**

**7. Discount: 80% 8. Weighted Product: 381.6**

---

**1. School Name: MELROSE ELEMENTARY SCHOOL**

**2. Entity Number: 18276 3. Rural/Urban: Urban**

**4. Student Count: 454 5. NSLP Students: 359 6. NSLP Students/Students: 79.074%**

**7. Discount: 90% 8. Weighted Product: 408.6**

---

**1. School Name: RIVERSIDE MATH AND SCIENCE ACADEMY**

**2. Entity Number: 18292 3. Rural/Urban: Urban**

**4. Student Count: 92 5. NSLP Students: 78 6. NSLP Students/Students: 84.782%**

**7. Discount: 90% 8. Weighted Product: 82.8**

---

**1. School Name: ROWLAND INTERMEDIATE SCHOOL**

**2. Entity Number:**

208362                      3. Rural/Urban: Urban  
 4. Student Count: 601    5. NSLP Students: 466    6. NSLP Students/Students: 77.537%  
 7. Discount: 90%        8. Weighted Product: 540.9

1. School Name: SCOTT ELEMENTARY SCHOOL  
 2. Entity Number:            3. Rural/Urban: Urban  
 208361  
 4. Student Count: 469    5. NSLP Students: 408    6. NSLP Students/Students: 86.993%  
 7. Discount: 90%        8. Weighted Product: 422.1

1. School Name: SHIMMELL ELEMENTARY SCHOOL  
 2. Entity Number: 18275    3. Rural/Urban: Urban  
 4. Student Count: 349    5. NSLP Students: 291    6. NSLP Students/Students: 83.381%  
 7. Discount: 90%        8. Weighted Product: 314.1

1. School Name: STEELE ELEMENTARY SCHOOL  
 2. Entity Number: 18293    3. Rural/Urban: Urban  
 4. Student Count: 373    5. NSLP Students: 295    6. NSLP Students/Students: 79.088%  
 7. Discount: 90%        8. Weighted Product: 335.7

1. School Name: WILLIAM PENN INTERMEDIATE SCHOOL  
 2. Entity Number:            3. Rural/Urban: Urban  
 225226  
 4. Student Count: 632    5. NSLP Students: 506    6. NSLP Students/Students: 80.063%  
 7. Discount: 90%        8. Weighted Product: 568.8

1. School Name: WOODWARD ELEMENTARY SCHOOL  
 2. Entity Number: 18267    3. Rural/Urban: Urban  
 4. Student Count: 280    5. NSLP Students: 204    6. NSLP Students/Students: 72.857%  
 7. Discount: 80%        8. Weighted Product: 224

**Block 5: Discount Funding Request(s)**

FRN: 639696            FCDL Date: 04/19/2002	
11. Category of Service: Internal Connections	12. 470 Application Number: 213710000320520
13. SPIN: 143023021	14. Service Provider Name: EMO Communications, Inc.
15. Contract Number: HSD-ER-19	16. Billing Account Number:
17. Allowable Contract Date: 01/01/2001	18. Contract Award Date: 01/08/2001
19a. Service Start Date: 07/01/2001	19b. Service End Date:
20. Contract Expiration Date: 06/30/2002	
21. Attachment #: 1	22. Block 4 Worksheet No.: 283225
23a. Monthly Charges: \$.00	23b. Ineligible monthly amt.: \$.00
23c. Eligible monthly amt.: \$0.00	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges ( 23c x 23d): \$0.00	
23f. Annual non-recurring (one-time) charges: 6989500	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges ( 23f - 23g): \$6,989,500.00	
23i. Total program year pre-discount amount ( 23e + 23h): \$6,989,500.00	
23j. % discount (from Block 4): 88	
23k. Funding Commitment Request ( 23i x 23j): \$6,150,760.00	

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### **Block 6: Certifications and Signature**

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**24a. Schools: Y**

**24b. Libraries or Library Consortia: N**

**26a. Individual Technology Plan: N**

**26b. Higher-Level Technology Plan(s): Y**

**26c. No Technology Plan Needed:**

**27a. Approved Technology Plan(s): Y**

**27b. State Approved Technology Plan: N**

**27c. No Technology Plan Needed:**

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[<< Previous](#)

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**ATTACHMENT**  
**6**





**Universal Service Administrative Company**  
Schools & Libraries Division

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**Administrator's Decision on Appeal - Funding Year 2001-2002**

February 8, 2002

John Weaver  
Harrisburg City School District  
1201 North 6<sup>th</sup> Street  
Harrisburg, PA 17102

Re: Billed Entity Number: 125727  
471 Application Number: 256221  
Funding Request Number(s): 639696  
Your Correspondence Dated: May 22, 2001

After thorough review and investigation of all relevant facts, the Schools and Libraries Division ("SLD") of the Universal Service Administrative Company ("USAC") has made its decision in regard to your appeal of SLD's Year Four Funding Commitment Decision for the Application Number indicated above. This letter explains the basis of SLD's decision. The date of this letter begins the 60-day time period for appealing this decision to the Federal Communications Commission ("FCC"). If your letter of appeal included more than one Application Number, please note that for each application for which an appeal is submitted, a separate letter is sent.

**Funding Request Number: 639696**

**Decision on Appeal: Approved for Program Integrity Assurance (PIA) Review**  
**Explanation:**

- Your appeal has brought forth persuasive information that the above funding requests should be approved for Program Integrity Assurance (PIA) Review.

The SLD will now review your funding request(s) for eligibility and compliance with program rules. Once a final determination has been made the SLD will issue a new Funding Commitment Decision Letter to you and to each service provider affected by this decision. SLD will issue the Funding Commitment Decision Letter to you as soon as possible.

---

Box 125 - Correspondence Unit, 80 South Jefferson Road, Whippany, New Jersey 07981  
Visit us online at: <http://www.sl.universalservice.org>

D-003586

We thank you for your continued support, patience, and cooperation during the appeal process.

Schools and Libraries Division  
Universal Service Administrative Company

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**ATTACHMENT**  
**7**



Universal Service Administrative Company  
Schools & Libraries Division

**FUNDING COMMITMENT DECISION LETTER**

(Funding Year 4: 07/01/2001 - 06/30/2002)

April 19, 2002

HARRISBURG CITY SCHOOL DIST  
John Weaver  
1201 N 6TH ST  
HARRISBURG, PA 17102

Re: Form 471 Application Number: 256221  
Funding Year 4: 07/01/2001 - 06/30/2002  
Billed Entity Number: 125727

Thank you for your 2001-2002 E-rate application and for any assistance you provided throughout our review. We have completed review of your Form 471. This letter is to advise you of our decision(s).

**FUNDING COMMITMENT REPORT**

On the pages following this letter, we have provided a Funding Commitment Report for the Form 471 application cited above. We have reviewed each Discount Funding Request on your Form 471 application and have assigned a Funding Request Number (FRN) to each Block 5. The enclosed report includes a list of the FRNs from your application. The SLD is also sending this information to your service provider(s) so preparations can be made to begin implementing your E-rate discount(s) upon the filing of your Form 486. Immediately preceding the Funding Commitment Report, you will find a guide that defines each line of the Report.

**NEXT STEPS**

Once you have reviewed this letter and have determined that some or all of your requests have been funded, your next step to facilitate receipt of discounts as featured in this letter will be to file an FCC Form 486 with the SLD. The Form 486 notifies the SLD to begin payment to your service provider and provides certified indication that your technology plan(s) has been approved. The Form 486 and instructions can be found on the SLD web site at <[www.sl.universalservice.org](http://www.sl.universalservice.org)> or you can call the SLD Client Service Bureau at 1-888-203-8100 and ask that the form be sent to you. The new Form 486, dated July 2001 in the lower right corner, MUST be used for Funding Year 4 and for any previous funding years. Subsequent submissions of earlier versions of the Form 486 will be returned to you and will not be able to be processed. As you complete Form 486, you should also contact your service provider to verify they have received notice from the SLD of your funding commitments. After the SLD processes your Form 486, we can begin processing invoices from your service provider(s) so they can be reimbursed for discounted services they have provided you.

On December 21, 2000, the Children's Internet Protection Act was signed into law. That law will require schools and libraries that receive Universal Service discounts for certain services to adopt an Internet safety policy incorporating the use of filtering or blocking technology on computers with Internet access as a condition of receiving those discounts. THE LAW DOES NOT, HOWEVER, REQUIRE THIS TO BE IN PLACE FOR FUNDING YEAR 4. RECIPIENTS WILL HAVE TO CERTIFY, HOWEVER, THAT THEY ARE UNDERTAKING SUCH ACTIONS, INCLUDING NECESSARY PROCUREMENT PROCEDURES, TO PUT SUCH TECHNOLOGY PROTECTION MEASURES IN PLACE. For Funding Year 4 (the Funding Year beginning July 1, 2001), Billed Entities filing Form(s) 486 may encounter one or more situations that will affect their filing deadline(s). See the requirements for Funding Year 4 below and the Form 486

Box 125 - Correspondence Unit, 80 South Jefferson Road, Whippany, New Jersey, 07981

Visit us online at: <http://www.sl.universalservice.org>

Instructions for more information on filing deadlines to ensure that your discounts can be paid retroactively to the Service Start Date. You are advised to keep proof of the date of mailing.

1. If Funding Year 4 services start on or before Sunday, October 28, 2001, and the date of your Funding Commitment Decision Letter is before Sunday, October 28, 2001, your Form 486 must be postmarked on or before October 28, 2001 in order for discounts to be paid retroactively to the Service Start Date. Failure to meet this certification deadline will result in reduced funding.
2. If your services start after October 28, 2001, your Form 486 must be postmarked no later than 120 days after the Service Start Date or 120 days after the date of the Funding Commitment Decision Letter, whichever is later, in order for discounts to be paid retroactively to the Service Start Date. Failure to meet this filing deadline will result in reduced funding.

You may also check the SLD web site at [www.sl.universalservice.org](http://www.sl.universalservice.org) or call the Client Service Bureau at 1-888-203-8100 for more information about how this new law might impact universal service discounts and any needed documentation for Funding Year 4 (July 1, 2001-June 30, 2002).

#### TO APPEAL THESE FUNDING COMMITMENT DECISIONS

If you wish to appeal the Funding Commitment Decision(s) (FCD) indicated in this letter, your appeal must be made in writing and RECEIVED BY THE SCHOOLS AND LIBRARIES DIVISION (SLD) at the SLD address below WITHIN 60 DAYS OF THE ABOVE DATE ON THIS LETTER. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify which FCD Letter you are appealing. Indicate the relevant funding year and the date of the Funding Commitment Decision Letter. Your letter of appeal must also include the applicant name, the Form 471 Application Number, and the Billed Entity Number from the top of your FCD Letter.
3. Identify the particular Funding Request Number (FRN) that is the subject of your appeal. When explaining your appeal, include the precise language or text from the Funding Commitment Decision Letter that is at the heart of your appeal. By pointing us to the exact words that give rise to your appeal, the SLD will be able to more readily understand and respond appropriately to your appeal. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

Please send your appeal to: Letter of Appeal, Schools and Libraries Division, Box 125 - Correspondence Unit, 80 South Jefferson Road, Whippany, NJ 07981. New options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site [www.sl.universalservice.org](http://www.sl.universalservice.org).

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC): FCC, Office of the Secretary, 445-12th Street SW, Washington, DC 20554. If you are submitting your appeal to the FCC by other than United States Postal Services, check the SLD web site for more information. You should refer to CC Docket Nos. 96-45 and 97-21 on the first page of your appeal to the FCC. Your appeal must be made in writing and RECEIVED BY THE FCC at the FCC address above WITHIN 60 DAYS OF THE ABOVE DATE ON THIS LETTER. Failure to meet this requirement will result in automatic dismissal of your appeal. Further information and new options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference area of the SLD web site [www.sl.universalservice.org](http://www.sl.universalservice.org).

#### NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the universal service mechanisms for schools and libraries. FCC Form 471 Applicants who have received funding commitments continue to be subject to audits and other reviews that SLD or the Federal Communications Commission may undertake periodically to assure that funds have been committed and are being used in accordance with all such requirements. If the SLD subsequently determines that its commitment was erroneously issued due to action or inaction, including but not

limited to that by SLD, the Applicant, or Service Provider, and that the action or inaction was not in accordance with such requirements, SLD may be required to cancel these funding commitments and seek repayment of any funds disbursed not in accordance with such requirements. The SLD, and other appropriate authorities (including but not limited to USAC and the FCC), may pursue enforcement actions and other means of recourse to collect erroneously disbursed funds. The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

We look forward to continuing our work with you on connecting our schools and libraries through advanced telecommunications services.

Sincerely,

Schools and Libraries Division  
Universal Service Administrative Company

Enclosures



## A GUIDE TO THE FUNDING COMMITMENT REPORT

Attached to this letter will be a report for each E-rate funding request from your application. We are providing the following definitions.

**FUNDING REQUEST NUMBER (FRN):** A Funding Request Number is assigned by the SLD to each Block 5 of your Form 471 once an application has been processed. This number is used to report to Applicants and Service Providers the status of individual discount funding requests submitted on a Form 471.

**FUNDING STATUS:** Each FRN will have one of three definitions: "Funded," "Not Funded," or "As Yet Unfunded."

1. An FRN that is "Funded" will be approved at the level that SLD determined is appropriate for that item. The funding level will generally be the level requested unless the SLD determines during the application review process that some adjustment is appropriate.
2. An FRN that is "Not Funded" is one for which no funds will be committed. The reason for the decision will be briefly explained in the "Funding Commitment Decision," and amplification of that explanation may be offered in the section, "Funding Commitment Decision Explanation." An FRN may be "Not Funded" because the request does not comply with program rules, or because the total amount of funds in the Universal Service Fund was insufficient to fund all requests.
3. An FRN that is "As Yet Unfunded" reflects a temporary status that is assigned to an FRN when the SLD is uncertain at the time the letter is generated whether there will be sufficient funds to make commitments for requests for internal connections at a particular discount level. For example, if your application included requests for discounts on both telecommunications services and internal connections, you might receive a letter with our funding commitment for your telecommunications funding requests and a message that your internal connections requests are "As Yet Unfunded." You would receive a subsequent letter(s) regarding the funding decision on your internal connections requests.

**SERVICES ORDERED:** The type of service ordered from the service provider, as shown on Form 471.

**SPIN (Service Provider Identification Number):** A unique number assigned by the Universal Service Administrative Company to service providers seeking payment from the Universal Service Fund for participating in the universal service support programs. A SPIN is also used to verify delivery of services and to arrange for payment.

**SERVICE PROVIDER NAME:** The legal name of the service provider.

**CONTRACT NUMBER:** The number of the contract between the eligible party and the service provider. This will be present only if a contract number was provided on Form 471.

**BILLING ACCOUNT NUMBER:** The account number that your service provider has established with you for billing purposes. This will be present only if a Billing Account Number was provided on Form 471.

**EARLIEST POSSIBLE EFFECTIVE DATE OF DISCOUNT:** The first possible date of service for which the SLD will reimburse service providers for the discounts for the service.

**CONTRACT EXPIRATION DATE:** The date the contract expires. This will be present only if a contract expiration date was provided on Form 471.

**SITE IDENTIFIER:** The Entity Number listed in Form 471, Block 5, Item 22a will be listed. This will appear only for "site specific" FRNs.

**PRE-DISCOUNT AMOUNT:** Amount in Form 471, Block 5, Item 23, Column I, as determined through the application review process.

**DISCOUNT PERCENTAGE APPROVED BY THE SLD:** This is the discount rate that the SLD has approved for this service.

**FUNDING COMMITMENT DECISION:** This represents the total amount of funding that the SLD has reserved to reimburse service providers for the approved discounts for this service through June 30, 2002. It is important that you and the service provider both recognize that the SLD should be invoiced and the SLD may direct disbursement of discounts only for eligible, approved services actually rendered.

FUNDING COMMITMENT DECISION EXPLANATION: This entry may amplify the comments in the "Funding Commitment Decision" area.

FUNDING COMMITMENT REPORT

Form 471 Application Number: 256221  
Funding Request Number: 639696 Funding Status: Funded  
Services Ordered: Internal Connections  
SPIN: 143023021 Service Provider Name: EMO Communications, Inc.  
Contract Number: HSD-ER-19  
Billing Account Number: N/A  
Earliest Possible Effective Date of Discount: 07/01/2001  
Contract Expiration Date: 06/30/2002  
Pre-Discount Amount: \$6,989,500.00  
Discount Percentage Approved by the SLD: 88%  
Funding Commitment Decision: \$6,150,760.00 - FRN approved; modified by SLD  
Funding Commitment Decision Explanation: The one-time charge was changed to reflect the documentation provided by the applicant.

**ATTACHMENT**  
**8**

## Harrisburg City School District

To: Rick  
From: John Weaver  
Date: 4/09/02  
RE: Harrisburg City School District, Application #319795

In response to questions on FRN:

849090: This FRN represents a request for terminal servers for all the classrooms throughout the district. After further assessment of need, I would like to reduce this FRN from a total requested amount of \$8,802,776.00 to \$6,989,500.00. The number of servers applied for will be reduced from 1102 to 875.

Thank you,



John Weaver  
Director of Technology

**ATTACHMENT**  
**9**



## Harrisburg City School District

To: Rick  
From: John Weaver  
Date: 4/09/02  
RE: Harrisburg City School District, Terminal Servers

In response to questions on FRN: 639696

639696 the terminal server will allow the computers in every classroom to connect to the Internet under control of the teacher. This will permit the teacher to control Internet content as it pertains to the teacher's lesson plan. It will also allow the teacher to control and monitor exactly where on the Internet the students are. They will also be able to control and monitor the printing of materials from the Internet per student workstations.

Thank you,



John Weaver  
Director of Technology

**ATTACHMENT**  
**10**



**Universal Service Administrative Company**  
Schools & Libraries Division

**FORM 486 NOTIFICATION LETTER**  
(Funding Year 4: 07/01/2001 - 06/30/2002)

August 7, 2002

EMO Communications, Inc.  
Ron Morrett  
329 South Front Street  
Wormleysburg, PA 17043

Re: Service Provider Name: EMO Communications, Inc.  
Service Provider Identification Number: 143023021  
Funding Year 4: 07/01/2001 - 06/30/2002

This letter is to notify you that the Schools and Libraries Division (SLD) of the Universal Service Administrative Company has received and accepted FCC Form(s) 486 (Receipt of Service Confirmation Form) from Billed Entities who filed FCC Form(s) 471 listing your company's Service Provider Identification Number (SPIN). You may begin to submit invoices to the SLD for the services covered by the Form(s) 486. You may submit invoices only after you have provided the service and billed the Applicant.

**PURPOSE OF THIS FORM 486 NOTIFICATION LETTER**

This "Form 486 Notification Letter" informs you that one or more Form(s) 486 listing your company as a service provider has been received by the SLD. As described in the "Explanation of Information Provided" below, this letter contains several important pieces of information from each such Form 486. In particular, the Form 486 notification letter sets forth the date that services included within a funding request began to be delivered to the Applicant or are expected to be delivered. (A Funding Request Number(FRN) is the number assigned to an Applicant's request for discounts on a set of services identified in a single page on the Form 471 application, Block 5.) This date is the earliest date for which services provided by your company are eligible for reimbursement of discounts from the SLD and the Universal Service Administrative Company(USAC) and for which invoices will be accepted by the SLD for discounts.

**NOTICE ON SERVICE START DATE**

There may be some situations where the Actual Service Start Date as reflected on this letter has been changed from what the Applicant indicated on the Form 486. Such changes are made by the SLD to be sure that the service start date is in compliance with program rules. You will know that a change has been made if there is an asterisk next to the Actual Service Start Date.

If SLD changed the Service Start Date, that may have triggered a reduction in the funding commitment if there are recurring charges in this FRN and the number of months is reduced by the Service Start Date change from the number of months used to calculate the original funding commitment amount. Such changed amount will be indicated with an asterisk. Whatever Service Start Date and funding commitment amount are listed, it is important that you and the 471 Applicant both recognize that the SLD should be invoiced and the SLD may direct disbursement of the discounts only on eligible, approved services actually delivered and installed after the Actual Service Start Date indicated on this letter.

Any appeal of the change in Service Start Date or funding commitment amount detailed in a Form 486 Notification Letter must be received within 30 days of the date on the Form 486 Notification Letter. (Information on the appeal process can be found in the "How to Apply, Step-by-Step" area of the SLD web site, [www.sl.universalservice.org](http://www.sl.universalservice.org)) Therefore, prompt communication with your customer is essential.

#### NOTICE ON INVOICING

Please note that SLD encourages service providers to work with their customers to establish whether discounts will appear on bills or whether customers prefer a reimbursement process. SLD will process either reimbursements based on Form 472 (BEAR) or discounts based on Form 474 (SPIF) for a given FRN. For Funding Year 3 and beyond, once established, however, the selected process-SPIFs or BEARs-must be consistently used for the entire Funding Year.

NOTE: SLD will base the billing mode (reimbursement or discounting) on the first invoice type that it processes for payment. It is therefore imperative for the service provider and the customer to establish together the preferred invoicing mode.

#### ELECTRONIC FILING OF INVOICES

Service providers may invoice the SLD either by submitting the SLD Service Provider Invoice Form by mail or by filing electronically. SLD strongly encourages electronic invoicing for providers who will repeatedly bill the SLD. Below is a brief description of the process for electronic submissions.

1. Service providers should send, via E-mail, a message to [serviceprovider@sl.universalservice.org](mailto:serviceprovider@sl.universalservice.org) (please note the "sl." prefix) indicating the E-mail address where they wish to receive electronic notification of funding commitments, receipt of Forms 471 filed, and future electronic versions of this Form 486 Notification Letter. The SLD will accept electronic invoices from multiple employees within a company. The electronic notification of receipt of the invoice file, and other electronic transmissions regarding each specific invoice file will be sent to the E-mail address contained within the filename of each specific electronic invoice file received.
2. Upon receipt of your E-mail indicating a desire to invoice the SLD electronically, SLD's invoice manager will send to you electronically information to establish an electronic invoicing relationship.
3. You will be required to obtain Pretty Good Privacy (PGP) Software in order to encrypt electronic invoice submissions prior to submission. Once installed, the service provider may use PGP to send and/or receive encrypted files.
4. The service provider will be instructed to create its Invoice Form in a comma delimited format, encrypt it using PGP, and send it as an E-mail attachment to an E-mail address which will be specified in the instruction materials.
5. The attachment will be received by the SLD, automatically decrypted via PGP and saved into a specific directory.
6. The file will then be processed by an in-house application that will check for errors.

7. Files successfully transmitted will be promptly validated and a message will be sent back to the originator stating that the invoice has been received. In the event of transmission or technical errors, an error report will be sent back to the originator with a list of all errors associated with the invoice. Once the errors have been corrected, the invoice should be resubmitted. If the number of line items to be resubmitted is less than 15, the resubmitted invoice can be entered online.

#### MANUAL AND ONLINE FILING OF INVOICES

Service providers who wish to file their invoices manually or online may obtain FCC Form 474 (Service Provider Invoice Form) at the SLD web site, at [www.sl.universalservice.org](http://www.sl.universalservice.org) under SLD Forms (service provider forms can be found towards the bottom of the page). Paper copies of the Form for manual filing can also be obtained by calling the SLD Client Service Bureau at 888-203-8100.

#### REVIEW OF INVOICES FOR COMPLIANCE WITH PROGRAM RULES

Once an invoice is in our system, it is reviewed (electronically and, in some cases, manually) for compliance with program rules. Applicants who submit BEARs or service providers who submit SPIFs may be contacted by our Program Integrity Assurance team to provide information in support of the invoice.

#### INVOICE GUIDELINES AND ANNUAL CERTIFICATION

Invoices may include as many line items as service providers wish, covering many customers or just one, and covering as long or short a period as needed for recovering discounts on services rendered. No payments will be made for services delivered before the start of the pertinent Funding Year, or the actual service start date indicated on this letter, whichever is later, or for services delivered after the end of the pertinent Funding Year.

NOTE: All service providers submitting invoices to the SLD for payment are required to submit by mail, once each funding year, an FCC Form 473, Service Provider Annual Certification signed by an officer or employee of the service provider who has authority to certify on behalf of the company, to confirm compliance with program rules. This Form can be found on the SLD web site under SLD Forms; service provider forms can be found towards the bottom of the page.

#### NOTICE ON RULES AND FUNDS AVAILABILITY

FCC Form 471 Applicants who have received funding commitments continue to be subject to audits and other reviews that the SLD may undertake to assure that funds are being used in compliance with program rules. If the SLD discovers that funds are not being used in compliance with program rules, Applicants will be subject to enforcement actions and other means of recourse by the SLD and other appropriate enforcement authorities. The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

#### EXPLANATION OF INFORMATION PROVIDED IN THE FORM 486 NOTIFICATION LETTER

On the following pages is a list of FRNs under which you are providing service and for which the Applicant has notified us that it is receiving service. To help you understand this list, the following definitions are provided. Most of these are identical to the definitions that were included in the Form 471 Receipt Acknowledgement and Funding Commitment Decision Letters earlier sent to you.

- \* Funding Request Number (FRN): A Funding Request Number is assigned by the SLD to each page completed in Block 5 of the Applicant's Form 471 once an application has been processed. This number is used to report to Applicants and Service Providers the status of individual discount requests submitted on a Form 471.

- \* Form 471 Application Number: A unique identifier assigned to a Form 471 application by the SLD, from Block 1 of the Form 471.
- \* Form 470 Application Number: A unique identifier assigned by the SLD to a Form 470 as listed in Block 5 of the Form 471.
- \* Name of 471 Applicant: Name of entity that applied to the SLD, from Item 1 of the Form 471.
- \* Address of 471 Applicant: Address of entity that applied to the SLD, from Item 1 of the Form 471. Includes street address and state, city and zip code.
- \* Entity Number: A unique identifier assigned by the SLD to the Form 471 Applicant.
- \* Name of Contact Person: The name of the contact person from Block 1, of the Form 471.
- \* Preferred Mode of Contact: e.g., telephone, fax, E-mail or standard mail.
- \* Contact Information: e.g., telephone number, fax number, E-mail address or mailing address based on preferred mode of contact.
- \* Name of Form 486 Contact Person: The name of the contact person from Block 1.
- \* Address of Form 486 Contact: The address of the contact person from Block 1.
- \* City of Form 486 Contact: The City of the contact person from Block 1.
- \* State of Form 486 Contact: The State of the contact person from Block 1.
- \* ZIP Code of Form 486 Contact: The Zip code of the contact person from Block 1.
- \* FAX of Form 486 Contact: The Fax number of the contact person from Block 1.
- \* Telephone of Form 486 Contact: The telephone number of the contact person from Block 1.
- \* E-mail of the Form 486 Contact: The E-mail address of the contact person from Block 1.
- \* Funding Year: The funding year for which discounts have been requested.
- \* Contract Number: The number of the contract between the customer and the service provider. This will be present only if a contract number was provided on Form 471.
- \* Services Ordered: The category of service ordered from the service provider, as shown on Form 471, Block 5.
- \* Billing Account Number: The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.
- \* Actual Service Start Date: The date that the Form 471 Applicant has reported, on the Form 486, that service actually started (or is scheduled to start). This is the earliest date of service for which the SLD will reimburse the service provider for discounted services. If this date is marked with an asterisk it was changed in compliance with program rules from what the Applicant put in the Form 486. This date as shown is controlling and no invoices will be paid for services before this date.



- \* **Service Start Date Change Explanation (SHOWN ONLY IF RELEVANT):** If the Service Start Date is marked with an asterisk, this field will appear to explain why SLD changed the date. One of the following explanations may appear:

**AVSCD:** The Service Start Date may not be before the Allowable Vendor Selection/Contract Date (AVSCD) from the Form 470 cited for this FRN on the Form 471. If the Applicant indicated an earlier SSD on the Form 486, SLD changed the SSD to the AVSCD.

**YEAR 4 CIPA DEADLINE:** Under FCC rules and pursuant to the requirements of the Children's Internet Protection Act, as codified at 47 U.S.C. Section 2543(h) and (1), (CIPA), for Year 4 (July 1, 2001 to June 30, 2002), if the FCDL is issued on or before October 28, 2001 and service has started on or before that date, a Form 486 citing the FRN for which service started must be sent to SLD and postmarked by October 28, 2001. If the Applicant indicated an SSD of October 28, 2001 or earlier, but the Applicant's Form 486 was postmarked after October 28, 2001, SLD changed the SSD to the Form 486 postmark date.

**120-DAY 486 DEADLINE:** For Funding Year 4 and all subsequent funding years, Forms 486 must be postmarked within 120 days of the start of services. If the Applicant indicated an SSD earlier than 120 before the Applicant's Form 486 postmark, SLD changed the SSD to the date 120 days before the Form 486 postmark date.

- \* **Contract Expiration Date:** The date the contract expires. This will be present only if a contract expiration date was provided on Form 471.
- \* **Total Program Year Pre-Discount Amount:** The total eligible recurring and non-recurring charges under the program for the pertinent Funding Year.
- \* **Applicant's Approved Discount Percentage:** This is the discount rate that the SLD approved for this service. The Discount Amount Billed to SLD should never be greater (and sometimes should be less) than the Total (Undiscounted) Amount for Service times the Approved Discount Amount.
- \* **Funding Commitment Decision:** This represents the total amount of funding that the SLD is now reserving to reimburse service providers for the discounts for this service through June 30, 2002 as determined by FCC rules. If SLD changed the Service Start Date, that may have triggered a reduction in the funding commitment if there are recurring charges in this FRN and the number of months is reduced by the SSD change from the number of months used to calculate the original funding commitment amount. Such changed amount will be indicated with an asterisk. Whatever amount is listed here, it is important that you and the 471 Applicant both recognize that the SLD should be invoiced and the SLD may direct disbursement of the discounts only on eligible, approved services actually delivered and installed.

FORM 486 NOTIFICATION LETTER FUNDING COMMITMENT SYNOPSIS  
(Funding Year 4)

Service Provider Name: EMO Communications, Inc.  
Service Provider Identification Number: 143023021

Funding Request Number: 639696  
Form 471 Application Number: 256221  
Form 470 Application Number: 213710000320520  
Name of 471 Applicant: HARRISBURG CITY SCHOOL DIST  
Applicant Street Address: 1201 N. 6TH ST.  
Applicant City: HARRISBURG  
Applicant State: PA  
Applicant Zip: 17102  
Entity Number:  
Name of Contact Person: John Weaver  
Preferred Mode of Contact: PHONE  
Contact Information: 717-255-2511  
Name of Form 486 Contact Person: JOHN WEAVER  
Address of Form 486 Contact: 1201 N. 6TH ST.  
City of Form 486 Contact: HARRISBURG  
State Code of Form 486 Contact: PA  
Zip of Form 486 Contact: 17102  
FAX of Form 486 Contact: 717-233-1968  
Telephone of Form 486 Contact: 717-255-2511  
E-mail Address of Form 486 Contact:  
Funding Year: 07/01/2001 - 06/30/2002  
Contract Number: HSD-ER-19  
Services Ordered: Internal Connections  
Billing Account Number:  
Actual Service Start Date: 05/30/2002  
Contract Expiration Date: 06/30/2002  
Total Program Year Pre-discount Amount: \$6,989,500.00  
Applicant's Approved Discount Percentage: 88%  
Funding Commitment Decision: \$6,150,760.00

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**ATTACHMENT**  
**11**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA**

**UNITED STATES OF AMERICA** : **CRIMINAL NO.**  
:   
**v.** : **(Judge \_\_\_\_\_)**  
:   
**RONALD R. MORRETT, JR. and** :   
**JOHN HENRY WEAVER** : **(Filed Electronically)**

**INFORMATION**

**INTRODUCTION**

**THE UNITED STATES OF AMERICA ALLEGES THAT:**

**At all times material and pertinent to this Information:**

- 1. The defendant, RONALD R. MORRETT, JR., was the President of EMO Communications, Inc.**
- 2. The defendant, JOHN HENRY WEAVER, was employed as the Information Technology Director at the Harrisburg School District.**
- 3. EMO Communications, Inc., was a business which, among other services, provided computer, cabling, and information technology services to educational institutions including public school districts.**
- 4. The Harrisburg School District is a public school district serving the educational needs of children in the City of Harrisburg.**

5. In 2000 the Harrisburg School District awarded a multi-million dollar contract to **MORRETT** and EMO Communications, Inc., for the development and installation of an educational information technology system for the school district.

6. More than 80% of the cost of this multi-million dollar contract was directly funded by the United States government through a federal grant made to the Harrisburg School District.

7. As part of this multi-million dollar federally-funded grant and contract, **MORRETT** and EMO Communications, Inc., would receive payments, or "draws", upon these federal funds only after **WEAVER**, as Information Technology Director for the Harrisburg School District certified that **MORRETT** and EMO Communications, Inc., had performed work specified under the contract.

8. In the course of performing work on this multi-million dollar contract which was funded by federal grant moneys, **MORRETT** agreed to make kickback payments to **WEAVER** while **WEAVER** was processing certifications which were essential to **MORRETT** obtaining payments on the contract.

9. In order to secretly make these payments, and conceal these payments, **MORRETT**, **WEAVER** and other individuals known to the United States agreed that some of the kickback payments would be funneled to

**WEAVER** through various bank accounts belonging to third parties, and would be directed to various accounts controlled by **WEAVER** under different names at different financial institutions.

10. Beginning on or about April 2002, and continuing up through on or about May 2003, **MORRETT** made kickback payments exceeding \$1,900,000 to **WEAVER**.



**COUNT I**

**THE UNITED STATES OF AMERICA CHARGES THAT:**

11. The United States of America, incorporates by reference, as though fully set forth herein, the Introduction to this Information.

12. Beginning on or about 2002, and continuing up through on or about April, 2003, in Dauphin County, within the Middle District of Pennsylvania, and elsewhere, the defendants —

**RONALD R. MORRETT, JR.  
and  
JOHN HENRY WEAVER**

did knowingly combine, conspire, confederate and agree together with persons known to the United States to violate the laws of the United States; namely:

To corruptly give, offer and agree to give things of value to another person with the intent to influence an agent of the Harrisburg School District, an agency of local government which received federal benefits exceeding \$10,000 in a one year period, in connection with business transactions involving more than \$5,000, in violation of Title 18, United States Code, Section 666.

13. In furtherance of this conspiracy and to attain the objects of the conspiracy the conspirators committed the following overt acts among others:

- A. On or about April 1, 2002 MORRETT caused a \$140,000.00 payment to be made to WEAVER.
- B. On or about May 16, 2002, MORRETT caused a \$37,000.00 payment to be made to WEAVER.
- C. On or about June 21, 2002, MORRETT caused a \$101,450.00 payment to be made to WEAVER.
- D. On or about July 19, 2002, MORRETT caused a \$17,000.00 payment to be made to WEAVER.
- E. On or about August 30, 2002, MORRETT caused a \$5,500 payment to be made to WEAVER.
- F. On or about September 26, 2002, MORRETT caused a \$20,000.00 payment to be made to WEAVER.
- G. On or about October 11, 2002, MORRETT caused a \$350,000.00 payment to be made to WEAVER.
- H. On or about November 6, 2002, MORRETT caused a \$35,000.00 payment to be made to WEAVER.
- I. On or about November 21, 2002, MORRETT caused a \$100,000.00 payment to be made to WEAVER.

DEC-08 03 17:27 FROM:HBG POLY TECH CORP 717-233-0268  
12-8-03; 4:38PM:HBGSD SUPERINTENDENT

717-730-7133

p.11

TO:717 730 7133

PAGE:10

7177031115

11/11/03

J. On or about December 6, 2002, MORRETT caused a \$666,666.00 payment to be made to WEAVER.

K. On or about April 10, 2003, MORRETT caused a \$160,000.00 payment to be made to WEAVER.

L. On or about May 23, 2003, MORRETT caused a \$333,400.00 payment to be made to WEAVER.

All in violation of Title 18, United States Code, Section 371.

## **COUNT II**

**THE UNITED STATES OF AMERICA FURTHER CHARGES THAT:**

**Upon conviction of the offense alleged in Count I of this Information, defendants,**

**JOHN HENRY WEAVER**

**Shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property constituting or derived from proceeds obtained directly or indirectly as a result of the violation in Count I, including but not limited to approximately \$1,966,000.00.**

**If the above-described forfeitable property, as a result of any act or omission of the defendant: (a) cannot be located upon the exercise of due diligence; (b) has been transferred or sold to, or deposited with, a third party; (c) has been placed beyond the jurisdiction of the court; (d) has been substantially diminished in value; or (e) has been commingled with other property which cannot be divided without difficulty, it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) as incorporated by Title 18, United States Code, Section 982(b), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above, including but not limited to the following:**

- A. 2003 Chevrolet Trailblazer, VIN #1GNDT13S632186199;
- B. 2003 Chevrolet Trailblazer, VIN # 1GNET165536146270;
- C. 2003 Grady White Boat Serial No. NTLBN434A303;
- D. Real property located at 124 Skipjack Lane, White Horse Pike,  
Berlin, Maryland;
- E. Real property located at 1978 Church Road, York, Pennsylvania;
- F. Real property located at 46 North Clinton Street, York, Pennsylvania;
- G. Real property located at 1910 Orange Street, York, Pennsylvania;
- H. Real property located at 144 Weldon Street, York, Pennsylvania;
- I. Real property located at 146 Weldon Street, York, Pennsylvania;
- J. An interest in a business known as the Red Eyed Frog Café, 806  
South Atlantic Avenue, Ocean City, Maryland;
- K. Real property located at 505 Penguin Drive, Ocean City, Maryland;
- L. 2002 Chevrolet Station Wagon , VIN # 1GNDX13E52D151834.

All in violation of Title 18, United States Code, Section 981(a)(1)(C) and  
Title 28, United States Code, Section 2461(c).

J. A. Marino  
THOMAS A. MARINO  
UNITED STATES ATTORNEY

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**ATTACHMENT**  
**12**

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# Confirmation Report - Memory Send

Date & Time: Nov-05-2002 03:56am  
Tel line : 7177034140  
Machine ID : HBGSD IT

Job number : 183  
Date & Time : Nov-05 03:53am  
To : 919735998539  
Number of pages : 002  
Start time : Nov-05 03:53am  
End time : Nov-05 03:56am  
Pages sent : 002  
Status : OK

Job number : 183

\*\*\* SEND SUCCESSFUL \*\*\*



## HARRISBURG SCHOOL DISTRICT

1201 North Sixth Street - Harrisburg, PA 17102-1406  
(717) 703-4017 - FAX (717) 703-4140

I.T. DEPARTMENT

## Fax

To: E-Rate (Jennifer Baumann) Fax: 913-599-6539  
From: John Weaver Int. Dept. Phone #: 717-703-4124  
Date: 11/4/02 CC: \_\_\_\_\_  
Page: 1 of 2

☒ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply

Comments (if any)



## HARRISBURG SCHOOL DISTRICT

1201 North Sixth Street • Harrisburg, PA 17102-1406

(717) 703-4017 • FAX (717) 703-4140

I.T. DEPARTMENT

# Fax

To: E-Rate (Jennifer Baumann) Fax# 913-599-6539  
From: John Weaver I.T. Dept. Phone # 717-703-4124  
Date: 11/4/02 CC: \_\_\_\_\_  
Re: \_\_\_\_\_ Page: 1 of 2

☒ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply

Comments (if any)

### Service Certification

<b>Service Provider Name</b>	EMO COMMUNICATIONS, INC
<b>Service Provider SPIN</b>	143023021
<b>Service Provider Invoice #</b>	474HarrisServer2
<b>Undiscounted Invoice Amount</b>	2 @ 2,316,520.00
<b>Discounted Invoice Amount</b>	2 @ 2,038,537.60

<b>Applicant Name</b>	HARRISBURG CITY SD
<b>Billed Entity Number (BEN)</b>	125727
<b>471#</b>	256221
<b>FRN#</b>	639696
<b>Representative / Contact Name</b>	JOHN WEAVER
<b>Representative / Contact Title</b>	I.T. DIRECTOR
<b>Representative / Contact Phone</b>	717-703-4078
<b>*Date Services Delivered and Installed *For Internet Access, Service period needed</b>	10/15/02 - 9/15/02

This is to certify that I am authorized to represent the above named applicant. This is also to certify the services described on the attached vendor invoice were delivered and installed.

OR The charges represented by the above represented invoice are deposits or up-front charges for services, which have not been delivered, and have been agreed to based on the contract between the above referenced Applicant and Service Provider

<b>Signed:</b> <u>John Weaver</u>	<b>Signed:</b>
<b>Date:</b> <u>11/4/02</u>	<b>Date:</b>
<b>Copy of <u>detailed</u> vendor invoice must be attached</b>	<b>Copy of <u>supporting contract</u> must be attached if indicated below</b>
	<b>Supporting Contract Required YES <input type="checkbox"/> NO <input type="checkbox"/></b>

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**ATTACHMENT**  
**13**

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## Universal Service for Schools and Libraries

Estimated Average Burden Hours Per Response: 1.5 hours

Please read instructions before completing.

This form can be filed online or by mail.

(To be completed by Service Providers)

## SERVICE PROVIDER Invoice Form

Persons willfully making false statements on this form can be punished by fine or forfeiture, under the Communications Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. Sec. 1001.

NOTICE TO INDIVIDUALS: Section 69.619 of the Federal Communications Commission's rules requires the fund administrator to review bills for services and to determine the amount of universal service support to be disbursed to service providers. All service providers that have signed a contract or have tariffs in effect under which they provide discounted service to eligible schools and libraries who have received a Funding Commitment Decisions Letter from the fund administrator are required to submit this Service Provider Invoice Form to obtain universal service support for the amount of the discounts provided to eligible schools and libraries. This Service Provider Invoice Form informs the fund administrator of the amount of the discounts provided to eligible schools and libraries and for which the service provider seeks universal service support. The collection of information stems from the Commission's authority under Section 254 of the Communications Act of 1934, as amended, 47 U.S.C. § 254.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The FCC is authorized under the Communications Act of 1934, as amended, to collect the personal information we request in this form. We will use the information you provide to determine whether approving this application is in the public interest. If we believe there may be a violation or potential violation of a FCC statute, regulation, rule or order, your application may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing or implementing the statute, rule, regulation or order. In certain cases, the information in your application may be disclosed to the Department of Justice or a court or adjudicative body when (a) the FCC; or (b) any employee of the FCC; or (c) the United States Government, is a party in a proceeding before the body or has an interest in the proceeding.

If you owe a past due debt to the federal government, the taxpayer identification number and other information you provide may also be disclosed to the Department of the Treasury Financial Management Service, other federal agencies and/or your employer to offset your salary, IRS tax refund or other payments to collect that debt. The FCC may also provide this information to these agencies through the matching of computer records when authorized.

If you do not provide the information requested on the form, your application may be returned without action or your application may be delayed.

The foregoing Notice is required by the Privacy Act of 1974, Pub. L. No. 93-579, December 31, 1974, 5 U.S.C. § 552, and the Paperwork Reduction Act of 1995, Pub. L. No. 104-13, 44 U.S.C. § 3501, et seq.

Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, completing, and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the reporting burden to the Federal Communications Commission, Performance Evaluation and Records Management, Washington, D.C. 20554.

1. Service Provider Name (30 characters maximum)		EMO Communications, Inc.	
2. Service Provider Identification Number (SPIN) (9 characters maximum)		143023021	
3. Contact Name (30 characters maximum)		Ron Morrett	
4. Contact Telephone Number (14 digits maximum)	Area Code: 717	Phone Number: 737-0533	Ext.:
Contact Fax Number (10 digits maximum)	Area Code: 717	Fax Number: 303-1744	
Contact Email Address (100 characters maximum) rmmorrett@emocomm.com			
5. Invoice Number (25 characters maximum)		474HarrisServer2	
6. Invoice Date to SLD (mmddyyyy)		10/30/2002	
7. Total Invoice Amount (sum on Column (14) - 14.2 digits maximum)		\$4,077,075.20	

# SERVICE PROVIDER Invoice Form

	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	FCC Form 471 Application Number (up to 10 digits) (from Funding Commitment Decisions Letter)	Funding Request Number (FRN) (up to 10 digits) (from Funding Commitment Decisions Letter)	Bill Frequency (e.g., Monthly, Quarterly, Annually, One- time, Other)	Customer Billed Date (mmyyyy)	Shipping Date to Customer or Last Day of Work Performed (mmddyyyy)	Total (Undiscounted) Amount for Service per FRN (14.2 digits max.)	Discount Amount Billed to SLD (14.2 digits max.)
				For each FRN, there should be an entry in Column (11) or Column (12) but NOT BOTH			
1	256221	639696	ON DELIVERY		09/15/2002	\$2316520.00	\$2038537.60
2	256221	639696	ON DELIVERY		10/15/2002	\$2316520.00	\$2038537.60
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							



**ATTACHMENT**  
**14**

PETITION FOR REMISSION OR MITIGATION OF FORFEITURE

UNITED STATES v. JOHN HENRY WEAVER

1:03-CR-337-02

TO: THE ATTORNEY GENERAL OF THE UNITED STATES  
UNITED STATES DEPARTMENT OF JUSTICE  
MIDDLE DISTRICT OF PENNSYLVANIA  
C/O THOMAS A. MARINO, UNITED STATES ATTORNEY  
HARRISBURG FEDERAL BUILDING AND COURTHOUSE, SUITE 220  
228 WALNUT STREET  
P.O. BOX 11754  
HARRISBURG, PA 17108-1754

FROM: GEORGE MCDONALD  
VICE PRESIDENT, SCHOOLS AND LIBRARIES DIVISION  
UNIVERSAL SERVICE ADMINISTRATIVE COMPANY  
2000 L ST., NW, SUITE 200  
WASHINGTON, DC 20036

TAXPAYER IDENTIFICATION NUMBER 223541162  
(202) 776-0200

1. I, George McDonald, assert on behalf of the Universal Service Administrative Company ("USAC") that USAC is a victim of the offense committed by defendant John Henry Weaver, who was convicted in the United States District Court for the Middle District of Pennsylvania in the case captioned United States of America vs. John Henry Weaver, Case Number 1:03-CR-337-02. USAC paid a total of \$14,492,641.28 to EMO Communications, Inc. ("EMO Communications") for equipment and services believed to have been provided to Harrisburg City School District ("Harrisburg"). USAC has determined that it paid a total of \$6,150,760 to EMO Communications for equipment and services that were not provided and for equipment that was not eligible for E-rate

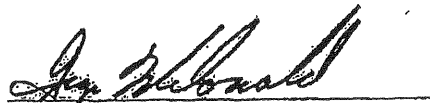
Program funding.

2. USAC has been provided with a copy of the Information in this case, and from that document understands that Weaver was charged with receiving kickbacks from EMO Communications exceeding \$1,900,000 for falsely certifying that work had been performed. USAC has been provided with a copy of the Judgment in a Criminal Case ("Judgment") for this case, and from that document understands Weaver to have pled guilty to Conspiracy to Engage in Bribery in a Federally Funded Program, and Criminal Forfeiture. As stated above, USAC paid \$14,492,641.28 to EMO Communications for equipment and services believed to have been provided to Harrisburg. Based on the court filings in this case, USAC understands that Weaver and two defendants in two related cases will pay \$1,977,516 to USAC in restitution. USAC performed an audit of the equipment and services believed to have been provided by EMO Communications to Harrisburg for which USAC paid EMO Communications, and has determined that USAC paid a total of \$6,150,760 to EMO Communications for equipment and services that were not provided and for equipment that was not eligible for E-rate Program funding. Since USAC paid for equipment and services that were not provided and for equipment not eligible for E-rate Program funding, these funds should be restored to USAC. Attached to this petition is a declaration and documentation supporting this determination.
3. USAC has not attempted to recover these funds directly from EMO

Communications. USAC intends to seek recovery of the balance of the funds not covered by the Court's Judgment that USAC has determined it paid for equipment and services that were not provided, and for equipment not eligible for E-rate Program funding -- \$4,173,244 (\$6,150,760 - \$1,977,516) -- from EMO Communications and/or Harrisburg consistent with FCC rules and requirements and any other applicable law. USAC is unaware of any other assets of the defendants against which it might have recourse.

4. I affirm that, if USAC receives any compensation for its losses directly from the defendants, I will immediately notify the official who grants this petition (if it is granted) of that fact.
5. I understand that this petition will be governed by the regulations, including definitions of terms such as "victim" and "related offense," set forth in 28 C.F.R. § 9.1 et seq.
6. I declare under penalty of perjury that the foregoing is true and correct.

Executed on 30 Mar 2005



George McDonald  
Vice President, Schools and Libraries Division  
Universal Service Administrative Company  
2000 L St., N.W., Suite 200  
Washington, DC 20036

DECLARATION OF GEORGE MCDONALD

IN SUPPORT OF

PETITION FOR REMISSION OR MITIGATION OF FORFEITURE

United States v. John Henry Weaver

Case Number 1:03-CR-337-02

1. I am over eighteen years of age, and I make the following declaration on my own knowledge and upon the business records of the Universal Service Administrative Company ("USAC").
2. I am a Vice President of USAC, and I am responsible for USAC's Schools and Libraries Division ("SLD"). I have held that position since September 2001. From December 1997 to September 2001, I was the Director of Operations of the SLD.
3. USAC is a private, not-for-profit corporation, organized under the laws of Delaware that was created at the direction of the Federal Communications Commission ("FCC"). Its Board of Directors is selected by the Chairman of the FCC. The FCC has designated USAC by federal regulation as the administrator of the universal service support mechanisms established pursuant to 47 U.S.C. § 254. See 47 C.F.R. § 54.701 (2003). USAC has been delegated the responsibility by the FCC to collect mandatory contributions from telecommunications carriers and distribute those funds as required to support universal service mechanisms specified by law. *Id.* USAC's sole function is to administer federal universal service support mechanisms, including the Schools and Libraries Support Mechanism, which is popularly known as the "E-Rate Program." See 47 C.F.R. §§ 54.701, 54.702. The SLD is organized as a division within USAC to administer the E-Rate Program.

4. The E-Rate Program provides universal service support funds ("funds" or "funding") to eligible telecommunications providers and non-telecommunications service providers (generally "service providers") so that they can provide eligible services to eligible schools, school districts and libraries (generally "eligible entities" or "applicants") in the United States at discounted rates. See 47 U.S.C. § 254(b)(6); 47 C.F.R. §54.517. Three service categories are funded by the E-Rate Program: telecommunications services, Internet access services, and the internal connections necessary to permit eligible entities to access the Internet and telecommunications services. Discounts funded by the E-Rate Program range from 20% to 90% of the costs of eligible services, depending on the level of poverty and the urban/rural status of the population served by the eligible entity.

5. An applicant applies for funding by submitting one or more FCC Form(s) 471 to USAC for each funding year for which it seeks discounts. See 47 C.F.R. § 54.504(e); 54.507(d); Schools and Libraries Universal Service, Services Ordered and Certification Form 471, OMB 3060-0806 (*FCC Form 471*). Each FCC Form 471 contains one or more Funding Request Numbers (FRNs). Each FRN requests funding in a certain amount for equipment and/or services to be provided by a particular service provider. After completing its review of the applicant's FCC Form 471, USAC issues one or more Funding Commitment Decision Letters ("FCDLs") setting out USAC's decisions with respect to each of the applicant's separately identified funding requests.

6. To receive disbursements from USAC, service providers may submit the Service Provider Invoice Form to USAC. See Universal Service for Schools and Libraries, Service Provider Invoice Form, OMB 3060-0856 (*FCC Form 474*). Service providers are required to have a Service Provider Identification Number ("SPIN") in order to receive disbursements

from USAC. To obtain a SPIN, service providers submit an FCC Form 498, Service Provider Information Form, to USAC. *See* Universal Service Administrative Company, Service Provider Information Form 498, OMB 3060-0824 (*FCC Form 498*). The FCC Form 498 for EMO Communications Inc. (EMO Communications) indicates that its SPIN is 143023021 and that its President is Ron Merrett. (Attachment 1).

7. USAC performed an audit of the equipment and services believed to have been provided by EMO Communications to Harrisburg City School District ("Harrisburg") for which USAC paid EMO Communications, and has determined that of the \$14,492,641.28 paid to EMO Communications, USAC paid \$6,150,760 to EMO Communications for equipment and services not provided, and for ineligible equipment. (Attachment 2).

8. USAC records show that Harrisburg submitted FCC Form 471 # 256221 requesting funding for FRN 639696 for equipment and services to be provided by EMO Communications. (Attachment 3). USAC's Funding Commitment Decision Letter ("FCDL") shows that USAC agreed to provide the funding as indicated in the FCDL. (Attachment 4).

9. On October 30, 2002, USAC received an FCC Form 474 from EMO Communications. (Attachment 5). On this FCC Form 474, EMO sought payment of \$4,077,075.20 for equipment and services provided to Harrisburg. (Attachment 5). Harrisburg certified that the equipment and services for which EMO Communications sought payment related to FRN 639696 had been provided. (Attachment 6). USAC paid \$4,077,075.20 to EMO Communications via Check # 0120032864 dated November 26, 2002 in response to this request. (Attachment 7).

10. On January 21, 2003, USAC received an FCC Form 474 from EMO Communications. (Attachment 8). On this FCC Form 474, EMO sought payment of \$2,073,684.80 for



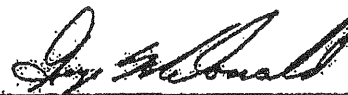
equipment and services provided to Harrisburg. (Attachment 8). Harrisburg certified that the equipment and services related to FRN 639696 had been provided. (Attachment 9). USAC paid \$2,073,684.80 to EMO Communications via Check # 0130046648 in response to this request. (Attachment 10).

11. Of the \$14,492,641.28 USAC disbursed to EMO Communications, USAC disbursed a total of \$6,150,760 for equipment and services not provided and for equipment that was not eligible for E-rate Program funding.

12. I declare under penalty of perjury that the foregoing is true and correct.

Executed on

30 MAR 2005



George McDonald  
Vice President, Schools and Libraries Division  
Universal Service Administrative Company  
2000 L St., N.W., Suite 200  
Washington, DC 20036

DECLARATION OF GEORGE MCDONALD

IN SUPPORT OF

PETITION FOR REMISSION OR MITIGATION OF FORFEITURE

United States v. WEAVER

LIST OF ATTACHMENTS

Attachment 1	FCC Form 498 for EMO Communications LLC
Attachment 2	Schools and Libraries Investigative Report -- Harrisburg City School District, March 10, 2005
Attachment 3	FCC Form 471 # 256221 submitted by Harrisburg City School District
Attachment 4	Pending Commitment Decision Letter for FCC Form 471 # 256221 dated April 19, 2002
Attachment 5	FCC Form 474 submitted to USAC by EMO Communications, October 30, 2002
Attachment 6	[REDACTED]
Attachment 7	USAC Remittance Statement and Cancelled Check # 0120032864
Attachment 8	FCC Form 474 submitted to USAC by EMO Communications, January 23, 2003
Attachment 9	[REDACTED]
Attachment 10	USAC Remittance Statement and Cancelled Check # 0130045648

**ATTACHMENT 1**

EMO Communications, Inc.

(717)737-0533

(717)303-1744 fax

**Fax**

To:	USAC	From:	Gretchen
Fax:	703-653-7419	Date:	May 2, 2003
Phone:		Pages:	4
Re:	FORM-498 REVISION	CC:	

☐ Urgent    ☒ For Review    ☐ Please Comment    ☐ Please Reply    ☐ Please Recycle

•Comments:

**FORM 498 REVISION—ADDRESS CHANGE**

**Thank You!**

**FCC Form 498**

Universal Service Administrative Company

Approved by OAS  
3042/0224  
Avg. Burden Est.  
Per Response: 1 hour

**Service Provider Information Form**  
(Please Read Instructions Before Completing Form)

**Part 1: General Information**

1. Full Legal Name of Service Provider <b>EMO Communications, Inc</b>		2. Fictitious Name Code (if applicable)	
3. USAC Service Provider Number (Assigned by USAC) <b>143 02 3021</b>		4. Principal Communication Business (See Instructions) <b>OTH</b>	
5. Service Provider's Street Address, P.O. Box, or Route Number <b>1912 Crooked Hill Road, Suite 116</b>			
City <b>Harrisburg</b>		State <b>PA</b>	Zip Code <b>17110</b>
6. Fictitious Employer Identification Number <b>25-1861483</b>		7. Method of Business Structure <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other	
8. Name of Service Provider Contact <b>Bon Morrett</b>		9. Telephone Number <b>717-731-0533</b>	10. FAX Number <b>717-303-1744</b>
11. Address of Service Provider's Principal Office (Same as above, P.O. Box, or Route Number) <b>1912 Crooked Hill Rd Suite 116</b>		11a. E-mail Address <b>rmorrett@emocomm.com</b>	
City <b>Harrisburg</b>		State <b>PA</b>	Zip Code <b>17110</b>

**Part 2: Schools & Libraries and Rural Health Care Programs Information**

**Schools & Libraries and Rural Health Care Programs Information**

12. Name of Service Provider's Schools & Libraries Program Contact <b>Harrisburg School District</b>		13. Telephone Number <b>717 703 4017</b>	14. FAX Number <b>717 703 4178</b>
15. Address of Service Provider's Schools & Libraries Program Contact (Same as above, P.O. Box, or Route Number) <b>1201 N 6th St</b>			
City <b>Harrisburg</b>		State <b>PA</b>	Zip Code <b>17102</b>
16. Name of Service Provider's Rural Health Care Program Contact <b>John Weaver</b>		17. Telephone Number <b>717 703 4017</b>	18. FAX Number <b>717 703 4178</b>
19. Address of Service Provider's Rural Health Care Program Contact (Same as above, P.O. Box, or Route Number) <b>1201 N 6th St</b>			
City <b>Harrisburg</b>		State <b>PA</b>	Zip Code <b>17102</b>

**Schools & Libraries and Rural Health Care Program Information**

In accordance with FCC rules Part 54.115 and 54.111, USAC will collect service provider Schools & Libraries invoices against the provider's delivery service obligation at its request, and this collection process provides Rural Health Care providers against the provider's universal service obligation.

Is the service provider requesting, at this time, that Schools & Libraries invoices be collected against the provider's universal service obligation?  
☐ Yes ☒ No

(SEE SERVICE INSTRUCTIONS FOR DETAILS ON UNIVERSAL SERVICE)

20. Name of Service Provider's Universal Service Program Contact			
21. Address of Service Provider's Universal Service Program Contact (Same as above, P.O. Box, or Route Number)			
City		State	Zip Code
22. Name of Service Provider Contact		23. Telephone Number	24. FAX Number
25. Name of Reporting Party (Required only if using ACR or other data transfer method)			
26. Internet and/or Clearing House (ACH) Number and bank account (Required only if using ACR transfer of funds)			
ACH bank transfer number		Bank account number	

## Service Provider Information Form

Contributor Company Information for Schools &amp; Libraries and Rural Health Care Programs

32. Name of Contributor Company		36. Contributor's TIE Company Code	
34. USAC Special Problem Number of Contributor Company			
35. Address of Contributor Company - Street Address, P.O. Box, or Route Number			
City	State	Zip Code	
33. Name of Contributor Company Contact	37. Telephone Number	38. FAX Number	
39. Type of Billing System <input type="checkbox"/> Original <input checked="" type="checkbox"/> Reprint			

Continuation: This form must be submitted with a letter of authorization, on company letterhead, certifying the accuracy of the information provided. (See Instructions, page 2, and Attachment A to this instruction.)

Check here: ☒ to indicate that information is attached.

PERSONS MAKING WILLFUL FALSE STATEMENTS OR THEREOF CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER THE COMMUNICATIONS ACT OF 1934, AS AMENDED, 47 U.S.C. 210(c).

Forward completed form along with a letter of authorization to:

USAC Billing and Disbursement  
 Attn: FCC Form 498  
 435 Constitution Ave  
 Suite 200  
 Washington, DC 20537

**Notice:** The Federal Communications Commission has designated the Universal Service Administrative Company (USAC) as temporary administrator of the universal service support mechanisms for schools & libraries and rural health care programs. One of the functions of USAC is to provide a mechanism for the filing and collection of funds for the various programs. In an effort to implement these requirements and objectives, the Commission has adopted this collection of information. Pursuant to sections 54.515 and 54.611 of the Commission's rules, 47 CFR Sections 54.515 and 54.611, USAC must obtain information relating to service provider name and address, telephone number, Federal employee identification number, contact names and telephone numbers, and billing and collection information. This form must be completed by each service provider serving universal service support under the schools and libraries and rural health care programs. USAC will use this information in administering the billing and collection operations of the universal service support.

**Remember -** You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor the collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-0824. We have estimated that each response to this collection of information will take, on average, 1 hour. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, and actually complete and review the form or response. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it places on you, please write the Federal Communications Commission, AMB-PERM, Washington, D.C. 20534, Paperwork Reduction Project (3060-0824). We also will accept your comments via Internet if you send them to [lokey@fcc.gov](mailto:lokey@fcc.gov). Please DO NOT SEND COMPLETED FORMS TO THIS ADDRESS.

This ongoing notice is required by the Privacy Act of 1974, P.L. 93-570, December 31, 1984, 5 U.S.C. 552a(6)(3), and the Paperwork Reduction Act of 1995, P.L. 104-19, 44 U.S.C. Section 3501.

The Commission is authorized under the Communications Act of 1934, as amended, to collect the personal information we request in this form. We will use the information that you provide for billing and collection purposes. If we believe there may be a violation or potential violation of a statute or a Commission regulation, rule, or order, your form may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation, or order. In certain cases, the information in your form may be disclosed to the Department of Justice, court, or other adjudicative body when (a) the Commission, or (b) any employee of the Commission, or (c) the United States government, is a party to a proceeding before the body or has an interest in the proceeding.

If you owe a past due debt to the federal government, the taxpayer identification number (such as your social security number) and other information you provide also may be disclosed to the Department of the Treasury Financial Management Service, other Federal agencies, and/or your employer to offset your salary, IRS tax refund, or other payments to collect that debt. The Commission also may provide this information to those agencies through the matching of computer records where authorized.



Wednesday, April 30, 2003

USAC Billings and Disbursements  
2120 L Street, NW, Suite 600  
Washington, DC, 20037

I certify that I have provided the information on the attached Service Provider Information Form and to the best of my knowledge, information and belief, all information contained in this form is true and that said form is an accurate statement of the affairs of the above-named service provider.  
The mailing address of the Service Provider and Service Provider's Contact have changed.

Service Provider Number 143 02 3021

Signature [Signature] Date 4/30/03

Printed name of authorized person Ron Macreth

Title or position of authorized person President



EMO Communications, Inc.

(717)737-0533

(717)303-1744 fax

# Fax

To: USAC

From: Gretchen

Fax: 703-659-7419

Date: ~~May 2, 2003~~ May 8th, 2003

Phone:

Pages: 4

Re: FORM 498 REVISION

CC:

☐ Urgent ☒ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

Comments:

FORM 498 REVISION—ADDRESS CHANGE

Thank You!

*Revised*

Service Provider Information Form  
(Please Read Instructions Before Completing Form)

1. Full Legal Name of Service Provider <b>EMO Communications, Inc</b>		2. TRS Company Code (if applicable) <b>1</b>	
3. USAC Service Provider Number (Assigned by USAC) <b>143 02 3021</b>		4. Principal Communication Business (See Instructions) <b>OTH</b>	
5. Service Provider's Principal Address, P.O. Box, or Route Number <b>1912 Crooked Hill Road, Suite 116</b>			
City <b>Harrisburg</b>		State <b>PA</b>	Zip Code <b>17110</b>
6. Federal Employer Identification Number <b>25-1861483</b>		7. Indicate Organization Structure <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other	
8. Name of Service Provider's Contact <b>Ron Morrett</b>		9. Telephone Number <b>717-303-0533</b>	10. FAX Number <b>717-303-1744</b>
11. Address of Service Provider's Secondary Contact, P.O. Box, or Route Number <b>1912 Crooked Hill Rd Suite 116</b>		11a. E-mail Address <b>rmorrett@emocomm.com</b>	
City <b>Harrisburg</b>		State <b>PA</b>	Zip Code <b>17110</b>

Block 2: Schools &amp; Libraries and Rural Health Care Programs Information

Service Provider's Schools &amp; Libraries and Rural Health Care Programs Contacts

12. Name of Service Provider's Schools & Libraries Program Contact <b>Ron Morrett</b>		13. Telephone Number <b>717 303 0533</b>	14. FAX Number <b>717 303 1744</b>
15. Address of Service Provider's Schools & Libraries Program Contact, Street Address, P.O. Box, or Route Number <b>1912 Crooked Hill Rd Suite 116</b>			
City <b>Harrisburg</b>		State <b>PA</b>	Zip Code <b>17110</b>
16. Name of Service Provider's Rural Health Care Program Contact <b>Ron Morrett</b>		17. Telephone Number <b>717 303 0533</b>	18. FAX Number <b>717 303 1744</b>
19. Address of Service Provider's Rural Health Care Program Contact, Street Address, P.O. Box, or Route Number <b>1912 Crooked Hill Rd, Suite 116</b>			
City <b>Harrisburg</b>		State <b>PA</b>	Zip Code <b>17110</b>

## Schools &amp; Libraries and Rural Health Care Programs Information

In accordance with FCC rules Part 94.10 and 94.11, USAC will offset service provider Schools &amp; Libraries Invoices against the provider's universal service support obligation at such time as the provider's service payment for the current month is received against the provider's universal service obligation.

Is the service provided to any of the following Schools & Libraries or Rural Health Care programs? (If yes, check the appropriate box.)  
☐ Yes ☒ No

## SEE INSTRUCTIONS FOR ITEMS 20 THROUGH 23

20. Name of Resendence Company		
21. Address of Resendence Company - Address, P.O. Box, or Route Number		
City	State	Zip Code
22. Name of Resendence Contact	23. Telephone Number	24. FAX Number
25. Name of Resendence Firm (Required only if checking ACH or check box is other, if Period)		
26. Resendence ACH Checking Number (ACH Number) and Bank Account (Required only if checking ACH transfer of funds)		
ACH Bank Branch Name		Bank Account Number

Service Provider Information Form

Collects Company Information for Schools & Libraries and Rural Health Care Programs

17. Name of Contributor Company		18. Contributor's TRS Contract Code	
19. USAC Service Manager (Member of Contributor Company)			
20. Address of Contributor Company - Street Address, P.O. Box, or Rural Number			
City		State	Zip Code
21. Name of Contributor Company Contact	22. Telephone Number	23. FAX Number	
24. This form is used <input type="checkbox"/> Original <input checked="" type="checkbox"/> Revision			

Caution: This form must be submitted with a letter of authorization, on company letterhead, certifying the accuracy of the information provided. (See instructions, page 1, and Attachment A to the instructions.)  
Check here ☒ to indicate that letterhead is attached.

PERSONS MAKING WILLFUL FALSE STATEMENTS ON THIS FORM CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER THE COMMUNICATIONS ACT OF 1934, AS AMENDED, 47, U.S.C. 223(a).

Forward completed form along with a letter of authorization to:

USAC Billing and Disbursement  
Attn: FCG Form 408  
225 M. Street, NW  
Suite 500  
Washington, DC 20027

Notice: The Federal Communications Commission has designated the Universal Service Administrative Company (USAC) as temporary administrator of the Universal Service support mechanisms for schools & libraries and rural health care programs. One of the functions of USAC is to provide a mechanism for the billing and collection of funds for the various programs. In an effort to implement these requirements and obligations, the Commission has adopted this collection of information. Pursuant to sections 54.515 and 54.611 of the Commission's rules, 47 CFR Sections 54.515 and 54.611, USAC must obtain information relating to service provider names and address, telephone number, Federal employee identification number, contact names and telephone numbers, and billing and collection information. This form should be completed by each service provider receiving universal service support under the schools and libraries and rural health care programs. USAC will use this information in administering the billing and collection operations of the Universal Service support.

Remember - You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-0824.

We have estimated that each response to this collection of information will take, on average, 1 hour. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, and actually complete and review the form or response. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it imposes on you, please write the Federal Communications Commission, AFD-PERM, Washington, D.C. 20554, Paperwork Reduction Project (3060-0824). We will accept your comments via Internet if you send them to [foley@fcc.gov](mailto:foley@fcc.gov). Please DO NOT SEND COMPLETED FORMS TO THIS ADDRESS.

The foregoing Notice is required by the Privacy Act of 1974, P.L. 93-579, December 31, 1984, 5 U.S.C. 552a(e)(3), and the Paperwork Reduction Act of 1995, P.L. 104-191, 44 U.S.C. Section 3501.

The Commission is authorized under the Communications Act of 1934, as amended, to collect the personal information we request in this form. We will use the information that you provide for billing and collection purposes. If we believe there may be a violation or potential violation of a statute or a Commission regulation, rule or order, your form may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation or order. In certain cases, the information in your form may be disclosed to the Department of Justice, court, or other adjudicative body when (a) the Commission, or (b) any employee of the Commission, or (c) the United States government, is a party to a proceeding before the body or has an interest in the proceeding.

If you owe a past due debt to the Federal government, the taxpayer identification number (such as your social security number) and other information you provide also may be disclosed to the Department of the Treasury Financial Management Service, other Federal agencies, and/or your employer to offset your salary, IRS tax refund, or other payments to collect that debt. The Commission also may provide this information to those agencies through the matching of computer records where authorized.



Wednesday, April 30, 2003

USAC Billings and Disbursements  
2120 L Street, NW, Suite 600  
Washington, DC, 20037

I certify that I have provided the information on the attached Service Provider Information Form and to the best of my knowledge, information and belief, all information contained in this form is true and that said form is an accurate statement of the affairs of the above-named service provider.  
The mailing address of the Service Provider and Service Provider's Contact have changed.

Service Provider Number 143 02 3021  
Signature [Signature] Date 4/30/03  
Printed name of authorized person Ron Macrett  
Title or position of authorized person President

EMO Communications, Inc.

(717)737-0533

(717)303-1744 fax

**Fax**

To:	USAC	From:	Gretchen
Fax:	703-653-7410	Date:	<del>May 2, 2003</del> May 8, 2003
Phone:		Pages:	4 May 13, 2003
Re:	FORM 498 REVISION	CC:	

☐ Urgent    ☒ For Review    ☐ Please Comment    ☐ Please Reply    ☐ Please Recycle

~~Comments:~~

**FORM 498 REVISION—ADDRESS CHANGE**

Thank You!

*Revised 2-*

Service Provider Information Form  
(Please Read Instructions Before Completing Form)

Block 1: General Information	
1. Filing Date: Name of Service Provider <b>EMO Communications, Inc</b>	2. TRS Company Code (if applicable)
3. USAC Service Provider Number (Assigned by USAC) <b>143-02-3021</b>	4. Principal Communications Equipment (See Instructions) <b>OTH</b>
5. Service Provider's Street Address, P.O. Box or Mailing Address <b>1912 Crooked Hill Road, Suite 116</b>	
City <b>Harrisburg</b>	State <b>PA</b>
Zip Code <b>17110</b>	6. Telephone Number <b>717-303-1744</b>
7. Facsimile (FAX) Number <b>717-303-1744</b>	8. Name of Service Provider's Contact <b>Ron Morrett</b>
9. Title of Service Provider's Contact <b>1912 Crooked Hill Rd Suite 116</b>	10. Address of Service Provider's Contact (See Instructions for Box or Mailing Address) <b>Harrisburg</b>
City <b>Harrisburg</b>	State <b>PA</b>
Zip Code <b>17110</b>	11. Email Address <b>rmorrett@emocomm.com</b>

Block 2: Schools & Libraries and Rural Health Care Programs Information

Schools & Libraries and Rural Health Care Programs Information

12. Name of Service Provider's Schools & Libraries Program Contact <b>Ron Morrett</b>	13. Telephone Number <b>717-303-0533</b>	14. FAX Number <b>717-303-1744</b>
15. Address of Service Provider's Schools & Libraries Program Contact (See Instructions for Box or Mailing Address) <b>1912 Crooked Hill Rd Suite 116</b>		
City <b>Harrisburg</b>	State <b>PA</b>	Zip Code <b>17110</b>
16. Name of Service Provider's Rural Health Care Program Contact <b>Ron Morrett</b>	17. Telephone Number <b>717-303-0533</b>	18. FAX Number <b>717-303-1744</b>
19. Address of Service Provider's Rural Health Care Program Contact (See Instructions for Box or Mailing Address) <b>1912 Crooked Hill Rd Suite 116</b>		
City <b>Harrisburg</b>	State <b>PA</b>	Zip Code <b>17110</b>

Schools & Libraries and Rural Health Care Programs Information

In accordance with FCC rules 47.101 and 47.103, USAC will assist service provider schools & libraries providers against the provider's contractual service obligation at their request, and will assist service providers Rural Health Care Providers against the provider's universal service obligation.

Is the service provider requesting to have their service obligation waived against the provider's universal service obligation?  
Yes ☐ No ☒

(SEE SPECIFIC INSTRUCTIONS FOR ITEMS 20 THROUGH 23)

20. Name of Service Provider <b>EMO Communications Inc</b>		
21. Address of Service Provider <b>1912 Crooked Hill Rd Suite 116</b>		
City <b>Harrisburg</b>	State <b>PA</b>	Zip Code <b>17110</b>
22. Name of Service Provider <b>Ron Morrett</b>	23. Telephone Number <b>717-303-0533</b>	24. FAX Number <b>717-303-1744</b>
25. Name of Service Provider's Agent (See Instructions for Agent's Name and Address) <b>ACH Bank Trusting Company</b>		
26. Name of Service Provider's Agent (See Instructions for Agent's Name and Address) <b>ACH Bank Trusting Company</b>		

## Service Provider Information Form

Continuation: Company Information for Schedule A Disbursement Program Health Care Programs

27. Name of Contributor Company		28. Contributor's Tax Exemption Code	
29. USAC Service Provider Manager or Contributor Company			
30. Address of Contributor Company (Street Address, P.O. Box, or Rural Route)			
City		State	Zip Code
31. Name of Contributor Company Contact		32. Telephone Number	33. FAX Number
34. This filing is for: <input type="checkbox"/> Original <input checked="" type="checkbox"/> Revision			

Caution: This form must be accompanied with a letter of authorization, on company letterhead, certifying the accuracy of the information provided. (See instructions, page 3, and Attachment A to the instructions.)  
 Check here ☒ to indicate that letterhead is attached.

PERSONS MAKING WILLFUL FALSE STATEMENTS ON THIS FORM CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER THE COMMUNICATIONS ACT OF 1934, AS AMENDED, 47 U.S.C. 223(a).

Forward completed form along with a letter of authorization to:

USAC Billing and Disbursement  
 Attn: FCC Form 498  
 2117 C Street, NW  
 605-605  
 Washington, DC 20037

**Notice:** The Federal Communications Commission has designated the Universal Service Administrative Company (USAC) as temporary administrator of the universal service support mechanisms for schools, libraries and rural health care programs. One of the functions of USAC is to provide a mechanism for the billing and collection of funds for the various programs. In an effort to implement these requirements in 1999, the Commission has adopted this collection of information. Pursuant to sections 54.515 and 54.517 of the Commission's rules, 47 CFR Sections 54.515 and 54.517, USAC must obtain information relating to service provider name and address, telephone number, Federal employee identification number, contact names and telephone numbers, and billing and collection information. This form must be completed by each service provider receiving universal service support under the schools and libraries and rural health care programs. USAC will use this information in administering the billing and collection operations of the universal service support.

**Remember:** You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-0824.

We have estimated that each response to this collection of information will take, on average, 1 hour. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, and actually complete and review the form or response. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PERK, Washington, D.C. 20554; Paperwork Reduction Project (3060-0824). We also will accept your comments via Internet if you send them to [rlaley@fcc.gov](mailto:rlaley@fcc.gov). Please DO NOT SEND COMPLETED FORMS TO THIS ADDRESS.

The foregoing Notice is required by the Privacy Act of 1974, P.L. 93-579, December 31, 1994, 5 U.S.C. 552a(e)(3), and the Paperwork Reduction Act of 1995, P.L. 104-13, 44 U.S.C. Section 3501.

The Commission is authorized under the Communications Act of 1934, as amended, to collect the personal information we request in this form. We will use the information that you provide for billing and collection purposes. If we believe there may be a violation or potential violation of a statute or a Commission regulation, rule or order, your form may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation, or order. In certain cases, the information in our Form may be disclosed to the Department of Justice, court, or other adjudicative body when (a) the Commission or (b) any employee of the Commission; or (c) the United States government, is a party to a proceeding before the body or has an interest in the proceeding.

If you owe a past due debt to the federal government, the taxpayer identification number (such as your social security number) and other information you provide also may be disclosed to the Department of the Treasury Financial Management Service, other Federal agencies, and/or your employer in offset your salary, IRS tax refund, or other payments to collect that debt. The Commission also may provide this information to those agencies through the matching of computer records where authorized;





Wednesday, April 30, 2003

USAC Billings and Disbursements  
2120 L Street, NW, Suite 600  
Washington, DC, 20037

I certify that I have provided the information on the attached Service Provider Information Form and to the best of my knowledge, information and belief, all information contained in this form is true and that said form is an accurate statement of the affairs of the above-named service provider.  
The mailing address of the Service Provider and Service Provider's Contact have changed.

Service Provider Number 143 02 3021  
Signature [Signature] Date 4/30/03  
Printed name of authorized person Ron Macgett  
Title or position of authorized person President

**ATTACHMENT 2**

**ATTACHMENT 3**

REFERENCE AREA | S&amp;L AREA | PROVIDER AREA | HELP

**Schools and Libraries Universal Service Program**  
**Services Ordered and Certification Form 471**  
**Application Display**

**Block 1: Billed Entity Information**

Applicant's Form Identifier: Harrisburg-Servers  
NCS Form Identifier/Bar Code:

471 Application Number: 256221

Funding Year: 07/01/2001 -  
06/30/2002

Billed Entity Number: 126727

NCES State Number: 42

NCES Distr Number: 11580

NCES Bldg Number:

PIA Determination Status:  
PENDING

Data Entry Status: CERTIFIED

Create UserID: Internet

Create Date: 01/18/2001

Last UserID: OPS\$CONT

Last Update Date: 03/14/2002

Certif Record Id:

Out Of Window: NO  
(CERTIFIED)

Name: HARRISBURG CITY SCHOOL DIST  
Address: 1201 N 6TH ST  
City: HARRISBURG State: PA Zip: 17102  
Phone: 717-233-2514 Ext:  
Fax: 717-233-1968  
E-mail:

Application Postmark Date: 01/18/2001  
Item 21 Attachment Postmark Date: 01/18/2001  
Certification Postmark Date: 01/18/2001  
Application Completed Date: 01/18/2001  
Application Certified Date: 03/02/2002  
Out of Window Letter Date:

Contact Name: John Weaver  
Address: 1201 N 6TH ST  
City: HARRISBURG State: PA Zip: 17102  
Contact Phone: 717-703-4017 Ext:  
Contact Fax: 717-703-4153 Ext:  
E-mail:  
Contact Mode: PHONE  
Alternate Contact Info:

Type of Application: SCHOOL DISTRICT

Ineligible Orgs: N

**Block 6: Certifications and Signature**

24a. Schools: Y

24b. Libraries or Library Consortia: N

26a. Individual Technology Plan: N

26b. Higher-Level Technology Plan(s): Y

26c. No Technology Plan Needed:

27a. Approved Technology Plan(s): Y  
 27b. State Approved Technology Plan: N  
 27c. No Technology Plan Needed:

34. Signature of Authorized Person: Y  
 35. Signature Date: 01/18/2001  
 36. Printed Name of Authorized Person: John Weaver  
 37. Title or Position of Authorized Person: IT Director

38a. Address:  
 City: State: Zip:  
 38b. Telephone Number of Authorized Person: (717) 703-4017 ext.  
 38c. Fax Number of Authorized Person:  
 38d. E-mail Address of Authorized Person:

Application Postmark Date: 01/18/2001  
 Item 21 Attachment Postmark Date: 01/18/2001  
 Certification Postmark Date: 01/18/2001

### Block 3: Impact of Services Ordered in THIS Application

Number of students to be served: 7642

Number of library patrons to be served:

SERVICE DESCRIPTION	BEFORE ORDER	AFTER ORDER
a. (Schools/districts/consortia only) Telephone service: How many classrooms had phone service before and after your order?	750	850
b. High-bandwidth voice/data/video service: How many buildings served before and after your order?	17	17
c. High-bandwidth voice/data/video service: Highest speed to a building before and after your order?	oc-12	oc-48
d. Dial-up Internet connections: How many before and after your order?	0	0
e. Dial-up Internet connections: Highest speed before and after your order?	t-1	t-1
f. Direct connections to the Internet: How many before and after your order?	1	1
g. Direct connections to the Internet: Highest speed before and after your order?	t-1	t-1
h. Internet access (for schools): How many rooms have Internet access before and after your order?	1102	1102
i. Internet Access: How many computers (or other devices) with Internet access before and after your order?	3500	4602

### Block 4: Worksheets

Worksheet A No: 283225 Student Count: 6610  
 Weighted Product (Sum, Column 8): 5878.9

Shared Discount: 89%

1. School Name: BATON-FELTON ACADEMY

2. Entity Number: 18262 3. Rural/Urban: Urban  
 4. Student Count: 56 5. NSLP Students: 41 6. NSLP Students/Students: 73.214%  
 7. Discount: 80% 8. Weighted Product: 44.8

1. School Name: BEN FRANKLIN ACAD PREP SCHOOL  
 2. Entity Number: 18264 3. Rural/Urban: Urban  
 4. Student Count: 0 5. NSLP Students: 0 6. NSLP Students/Students:  
 7. Discount: 89% 8. Weighted Product: 0

1. School Name: CAMP CURTIN ELEMENTARY SCHOOL  
 2. Entity Number: 18290 3. Rural/Urban: Urban  
 4. Student Count: 652 5. NSLP Students: 507 6. NSLP Students/Students: 77.760%  
 7. Discount: 90% 8. Weighted Product: 586.8

1. School Name: DOWNEY ELEMENTARY SCHOOL  
 2. Entity Number: 18265 3. Rural/Urban: Urban  
 4. Student Count: 252 5. NSLP Students: 209 6. NSLP Students/Students: 82.936%  
 7. Discount: 90% 8. Weighted Product: 226.8

1. School Name: FOOSE ELEMENTARY SCHOOL  
 2. Entity Number: 18277 3. Rural/Urban: Urban  
 4. Student Count: 400 5. NSLP Students: 329 6. NSLP Students/Students: 82.250%  
 7. Discount: 90% 8. Weighted Product: 360

1. School Name: HAMILTON ELEMENTARY SCHOOL  
 2. Entity Number: 18263 3. Rural/Urban: Urban  
 4. Student Count: 365 5. NSLP Students: 244 6. NSLP Students/Students: 66.849%  
 7. Discount: 80% 8. Weighted Product: 292

1. School Name: HARRISBURG HIGH SCHOOL  
 2. Entity Number: 18270 3. Rural/Urban: Urban  
 4. Student Count: 652 5. NSLP Students: 507 6. NSLP Students/Students: 77.760%  
 7. Discount: 90% 8. Weighted Product: 586.8

1. School Name: LINCOLN ELEMENTARY SCHOOL  
 2. Entity Number: 18266 3. Rural/Urban: Urban  
 4. Student Count: 494 5. NSLP Students: 389 6. NSLP Students/Students: 78.744%  
 7. Discount: 90% 8. Weighted Product: 444.6

1. School Name: MARSHALL ELEMENTARY SCHOOL  
 2. Entity Number: 18273 3. Rural/Urban: Urban  
 4. Student Count: 489 5. NSLP Students: 388 6. NSLP Students/Students: 79.345%  
 7. Discount: 90% 8. Weighted Product: 440.1

1. School Name: MELROSE ELEMENTARY SCHOOL  
 2. Entity Number: 18276 3. Rural/Urban: Urban  
 4. Student Count: 454 5. NSLP Students: 359 6. NSLP Students/Students: 79.074%  
 7. Discount: 90% 8. Weighted Product: 408.6

1. School Name: RIVERSIDE MATH AND SCIENCE ACADEMY  
 2. Entity Number: 18292 3. Rural/Urban: Urban  
 4. Student Count: 92 5. NSLP Students: 78 6. NSLP Students/Students: 84.782%  
 7. Discount: 90% 8. Weighted Product: 82.8

1. School Name: ROWLAND INTERMEDIATE SCHOOL  
 2. Entity Number: 208362 3. Rural/Urban: Urban

4. Student Count: 601 5. NSLP Students: 466 6. NSLP Students/Students: 77.537%  
7. Discount: 90% 8. Weighted Product: 540.9

1. School Name: SCOTT ELEMENTARY SCHOOL  
2. Entity Number: 208361 3. Rural/Urban: Urban  
4. Student Count: 469 5. NSLP Students: 408 6. NSLP Students/Students: 86.993%  
7. Discount: 90% 8. Weighted Product: 422.1

1. School Name: SHIMMELL ELEMENTARY SCHOOL  
2. Entity Number: 18275 3. Rural/Urban: Urban  
4. Student Count: 349 5. NSLP Students: 291 6. NSLP Students/Students: 83.381%  
7. Discount: 90% 8. Weighted Product: 314.1

1. School Name: STEELE ELEMENTARY SCHOOL  
2. Entity Number: 18293 3. Rural/Urban: Urban  
4. Student Count: 373 5. NSLP Students: 295 6. NSLP Students/Students: 79.088%  
7. Discount: 90% 8. Weighted Product: 335.7

1. School Name: WILLIAM PENN INTERMEDIATE SCHOOL  
2. Entity Number: 225226 3. Rural/Urban: Urban  
4. Student Count: 632 5. NSLP Students: 506 6. NSLP Students/Students: 80.063%  
7. Discount: 90% 8. Weighted Product: 568.8

1. School Name: WOODWARD ELEMENTARY SCHOOL  
2. Entity Number: 18267 3. Rural/Urban: Urban  
4. Student Count: 289 5. NSLP Students: 204 6. NSLP Students/Students: 72.857%  
7. Discount: 80% 8. Weighted Product: 224

## Block 5: Discount Funding Request(s)

FRN: 633696 FCDL Date: 04/19/2002 PIA Status: PENDING Funding Status: PENDING	
11. Category of Service: Internal Connections	12.470 Application Number: 213710000320520 - N
13. SPIN: 143023621	14. Service Provider Name: EMO Communications, Inc.
15. Contract Number: HSD-EB-19	16. Billing Account Number:
17. Allowable Contract Date: 01/01/2001	18. Contract Award Date: 01/08/2001
19a. Service Start Date: 07/01/2001	19b. Service End Date:
20. Contract Expiration Date: 05/30/2002	
21. Attachment #: 1	22. Block 4 Worksheet No.: 283225
23a. Monthly Charges: \$0.00	23b. Ineligible monthly amt.: \$0.00
23c. Eligible monthly amt.: \$0.00	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$0.00	
23f. Annual non-recurring (one-time) charges: \$9,842,579.12	23g. Ineligible non-recurring amt.: \$0.00
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$9,842,579.12	
23i. Total program year pre-discount amount (23e + 23h): \$9,842,579.12	
23j. % Discount (from Block 4): 89	



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**23k. Funding Commitment Request ( 23i x 23j): \$8,759,895.42**

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**Miscellaneous Details**

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Form 471 Receipt Acknowledgment Letter to Applicant:	03/21/2002
Last Acceptable Invoice Date for Funding Year:	12/09/2002
Funding Year Date prior to which Customer Bill/Service Dates will not be accepted:	07/01/2001
Funding Year Date after which Customer Bill/Service Dates will not be accepted:	09/30/2002



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71C 01-18-01 5304257



REC'D 01-18-01 5304257

**FCC Form 471**

Service Order

Applicant's Firm: **Hatchburg Servers**  
Contact Person: **John Weaver**

Entry Number: **12572**  
Phone Number: **(717) 703-0877**

**BEN**  
**125727**

Do not write in this area

APP#  
256221

By EIA from web

Comments

25-18-01-01-01-01  
Hatchburg Servers  
Hatchburg Servers

1. All of the services and facilities provided by the service are covered by the service order. The service order is the only document that governs the service. The service order is the only document that governs the service. The service order is the only document that governs the service.

2. The service order is the only document that governs the service. The service order is the only document that governs the service. The service order is the only document that governs the service.

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5. The service order is the only document that governs the service. The service order is the only document that governs the service. The service order is the only document that governs the service.

6. The service order is the only document that governs the service. The service order is the only document that governs the service. The service order is the only document that governs the service.

116657

31. I understand that the discount I received for shared services is conditional for future years. Upon renewing this period, I understand that schools and libraries that are treated as sharing in the service receive an appropriate share of benefits from these services.

32. I recognize that I may be added as a contact to this institution, with \_\_\_\_\_ for five years, and all work sheets and other records that I rely upon to fill out this application, and, if needed, will make available to the Administrator.

33. I certify that I am authorized to submit this request on behalf of the above named institution, that I have completed this request, and to the best of my knowledge, information, and belief all statements of fact contained herein are true.

34. Signature of authorized person \_\_\_\_\_ Date \_\_\_\_\_  
35. Printed name of authorized person \_\_\_\_\_  
36. Title or position of authorized person \_\_\_\_\_

**Harrisburg School District**

To: Jose Diaz Fax: (973) 599-6525

From: Vincent LaForgia Date: 12/21/01

Re: Harrisburg School District Pages: 8

CC: \_\_\_\_\_

☒ Direct ☒ For Review ☐ Please Comment ☐ Please Reply ☐ Please Reply



is a copy of the receipts FedEx supplied when these  
applications were mailed. Included in this fax is a letter of agency,  
the signed certification for form 471 (Please feel free to call if you  
have any questions: (973) 575-5208

Wed Jan 2 15:25:59 2002

FedEx Page 2 of 2

FedEx Express  
One Stop Service  
Customer Service  
FedEx Office  
1201 N. 6TH ST  
HARRISBURG, PA 17102-1405

U.S. Mail PO Box 471  
Lawrence, KS 66044

Telephone: 781-552-8200



January 02, 2002

JOHN WEAVER  
(973) 576-5207

Dear JOHN WEAVER:

Our records reflect the following delivery information for the shipment with the tracking number 822527594333.

**Delivery Information:**

Signed For By: MHODGES

*K. J. Hodges*

Delivered to: 3653 GREENWAY DR

Delivery Date: January 18, 2001

Delivery Time: 09:03 AM

**Shipping Information:**

Tracking No: 822527594333

Ship Date: January 18, 2001

Shipper: JOHN WEAVER  
HARRISBURG SCHOOL  
DISTRICT  
1201 N. 6TH ST  
HARRISBURG, PA 17102-1405

Recipient: MS SMITH  
SLD FORM 471  
3653 GREENWAY DRIVE  
LAWRENCE, KS 66044  
US

Thank you for choosing FedEx Express. We look forward to working with you in the future.

FedEx Worldwide Customer Service  
1-800-Go-FedEx (1-800-433-3333)  
Reference No: 82002010200040750902

This information is provided subject to the FedEx Service Guide.

Wed Jan 2 15:23:38 2002

FedEx Page 2 of 2

FedEx Express  
Customer Support  
Express Center  
4777 W. Highway 100  
Memphis, TN 38116

U.S. Mail PO Box 717  
Memphis, TN 38101-4403

Telephone 615-646-4500



January 02, 2002

JOHN WEAVER  
(931) 575-5207

On: JOHN WEAVER

Our records reflect the following delivery information for the shipment with the tracking number 822527694596.

**Delivery Information:**

Signed For By: MHODGES

*X: [Signature]*

Delivered to: 3833 GREENWAY DR

Delivery Date: January 18, 2001

Delivery Time: 09:03 AM

**Shipping Information:**

Tracking No: 822527694596

Ship Date: January 18, 2001

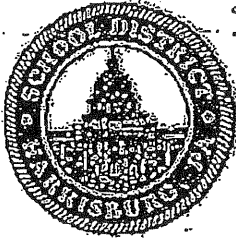
Shipper: JOHN WEAVER  
HARRISBURG SCHOOL  
DISTRICT  
1201 N 6TH ST  
HARRISBURG, PA 171021408

Recipient: MS SMITH  
SLD - FORM 471  
3833 GREENWAY DRIVE  
LAWRENCE, KS 66045  
US

Thank you for choosing FedEx Express. We look forward to working with you in the future.

FedEx Worldwide Customer Service  
1-800-Go-FedEx (1-800-463-3339)  
Reference No: R2002010200040680330

This information is provided subject to the FedEx Service Guide.



## HARRISBURG SCHOOL DISTRICT

1201 North Rock Street • Harrisburg, PA 17102-1405

(717) 703-4517 • FAX (717) 703-078

E-Mail: jweaver@hbg.k12.pa.us

December 19, 2001

To: Whom It May Concern:

Vincent LaForgia of E-Rate Consulting are representing the Harrisburg School District. All future correspondence concerning E-Rate Year 4 will need to be directed through E-Rate Consulting.

Sincerely,

A handwritten signature in dark ink, appearing to read "John Weaver".

John Weaver  
IT Director  
Harrisburg School District





**ATTACHMENT 4**



Universal Service Administrative Company  
Schools & Libraries Division

FUNDING COMMITMENT DECISION LETTER

(Funding Year 4: 07/01/2001 - 06/30/2002)

April 19, 2002

HARRISBURG CITY SCHOOL DIST  
John Weaver  
1201 N 6TH ST  
HARRISBURG, PA 17102

Re: Form 471 Application Number: 286221  
Funding Year 4: 07/01/2001 - 06/30/2002  
Billed Entity Number: 125727

Thank you for your 2001-2002 E-rate application and for any assistance you provided throughout our review. We have completed review of your Form 471. This letter is to advise you of our decision(s).

FUNDING COMMITMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Report for the Form 471 application cited above. We have reviewed each Discount Funding Request on your Form 471 application and have assigned a Funding Request Number (FRN) to each Block 5. The enclosed report includes a list of the FRNs from your application. The SLD is also sending this information to your service provider(s) so preparations can be made to begin implementing your E-rate discount(s) upon the filing of your Form 486. Immediately preceding the Funding Commitment Report, you will find a guide that defines each line of the Report.

NEXT STEPS

Once you have reviewed this letter and have determined that some or all of your requests have been funded, your next step to facilitate receipt of discounts as featured in this letter will be to file an FCC Form 486 with the SLD. The Form 486 notifies the SLD to begin payment to your service provider and provides certified indication that your technology plan(s) has been approved. The Form 486 and instructions can be found on the SLD web site at [www.sld.universalservice.org](http://www.sld.universalservice.org) or you can call the SLD Client Services Bureau at 1-888-203-8100 and ask that the form be sent to you. The new Form 486, dated July 2001 in the lower right corner, MUST be used for Funding Year 4 and for any previous funding years. Subsequent submissions of earlier versions of the Form 486 will be returned to you and will not be able to be processed. As you complete Form 486, you should also contact your service provider to verify they have received notice from the SLD of your funding commitments. After the SLD processes your Form 486, we can begin processing invoices from your service provider(s) so they can be reimbursed for discounted services they have provided you.

On December 21, 2000, the Children's Internet Protection Act was signed into law. That law will require schools and libraries that receive Universal Service discounts for certain services to adopt an Internet safety policy incorporating the use of filtering or blocking technology on computers with Internet access as a condition of receiving those discounts. THE LAW DOES NOT, HOWEVER, REQUIRE THIS TO BE IN PLACE FOR FUNDING YEAR 4. RECIPIENTS WILL HAVE TO CERTIFY, HOWEVER, THAT THEY ARE UNDERTAKING SUCH ACTIONS, INCLUDING NECESSARY PROCUREMENT PROCEDURES, TO PUT SUCH TECHNOLOGY PROTECTION MEASURES IN PLACE. For Funding Year 4 (the Funding Year beginning July 1, 2001), Billed Entities filing Form(s) 486 may encounter one or more situations that will affect their filing deadline(s). See the requirements for Funding Year 4 below and the Form 486

DUPLICATE LETTER

Instructions for more information on filing deadlines to ensure that your discounts can be paid retroactively to the Service Start Date. You are advised to keep proof of the date of mailing.

1. If Funding Year 4 services start on or before Sunday, October 28, 2001, and the date of your Funding Commitment Decision Letter is before Sunday, October 28, 2001, your Form 486 must be postmarked on or before October 28, 2001 in order for discounts to be paid retroactively to the Service Start Date. Failure to meet this certification deadline will result in reduced funding.
2. If your services start after October 28, 2001, your Form 486 must be postmarked no later than 120 days after the Service Start Date or 120 days after the date of the Funding Commitment Decision Letter, whichever is later, in order for discounts to be paid retroactively to the Service Start Date. Failure to meet this filing deadline will result in reduced funding.

You may also check the SLD web site at <[www.sl.universalservice.org](http://www.sl.universalservice.org)> or call the Client Service Bureau at 1-888-203-8100 for more information about how this new law might impact Universal service discounts and any needed documentation for Funding Year 4 (July 1, 2001-June 30, 2002).

#### TO APPEAL THESE FUNDING COMMITMENT DECISIONS

If you wish to appeal the Funding Commitment Decision(s) (FCD) indicated in this letter, your appeal must be made in writing and RECEIVED BY THE SCHOOLS AND LIBRARIES DIVISION (SLD) at the SLD address below WITHIN 60 DAYS OF THE ABOVE DATE ON THIS LETTER. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify which FCD Letter you are appealing. Indicate the relevant funding year and the date of the Funding Commitment Decision Letter. Your letter of appeal must also include the applicant name, the Form 471 Application Number, and the Billed Entity Number from the top of your FCD Letter.
3. Identify the particular Funding Request Number (FRN) that is the subject of your appeal. When explaining your appeal, include the precise language or text from the Funding Commitment Decision Letter that is at the heart of your appeal. By pointing us to the exact words that gave rise to your appeal, the SLD will be able to more readily understand and respond appropriately to your appeal. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

Please send your appeal to: Letter of Appeal, Schools and Libraries Division, Box 125 - Correspondence Unit, 80 South Jefferson Road, Whippany, NJ 07981. New options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site <[www.sl.universalservice.org](http://www.sl.universalservice.org)>.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC): FCC, Office of the Secretary, 445-12th Street SW, Washington, DC 20554. If you are submitting your appeal to the FCC by other than United States Postal Services, check the SLD web site for more information. You should refer to CC Docket Nos. 96-45 and 97-21 on the first page of your appeal to the FCC. Your appeal must be made in writing and RECEIVED BY THE FCC at the FCC address above WITHIN 60 DAYS OF THE ABOVE DATE ON THIS LETTER. Failure to meet this requirement will result in automatic dismissal of your appeal. Further information and new options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference area of the SLD web site <[www.sl.universalservice.org](http://www.sl.universalservice.org)>.

#### NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the universal service mechanisms for schools and libraries. FCC Form 471 Applicants who have received funding commitments continue to be subject to audits and other reviews that SLD or the Federal Communications Commission may undertake periodically to assure that funds have been committed and are being used in accordance with all such requirements. If the SLD subsequently determines that its commitment was erroneously issued due to action or inaction, including but not

DUPLICATE LETTER

limited to that by SLD, the Applicant, or Service Provider, and that the action or inaction was not in accordance with such requirements, SLD may be required to cancel these funding commitments and seek repayment of any funds disbursed not in accordance with such requirements. The SLD, and other appropriate authorities (including but not limited to USAC and the FCC), may pursue enforcement actions and other means of recourse to collect erroneously disbursed funds. The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

We look forward to continuing our work with you on connecting our schools and libraries through advanced telecommunications services.

Sincerely,

Schools and Libraries Division  
Universal Service Administrative Company

Enclosures

DUPLICATE LETTER

#### A GUIDE TO THE FUNDING COMMITMENT REPORT

Attached to this letter will be a report for each E-rate funding request from your application. We are providing the following definitions.

**FUNDING REQUEST NUMBER (FRN):** A Funding Request Number is assigned by the SLD to each Block 5 of your Form 471 once an application has been processed. This number is used to report to Applicants and Service Providers the status of individual discount funding requests submitted on a Form 471.

**FUNDING STATUS:** Each FRN will have one of three definitions: "Funded," "Not Funded," or "As Yet Unfunded."

1. An FRN that is "Funded" will be approved at the level that SLD determined is appropriate for that item. The funding level will generally be the level requested unless the SLD determines during the application review process that some adjustment is appropriate.
2. An FRN that is "Not Funded" is one for which no funds will be committed. The reason for the decision will be briefly explained in the "Funding Commitment Decision," and amplification of that explanation may be offered in the section, "Funding Commitment Decision Explanation." An FRN may be "Not Funded" because the request does not comply with program rules, or because the total amount of funds in the Universal Service Fund was insufficient to fund all requests.
3. An FRN that is "As Yet Unfunded" reflects a temporary status that is assigned to an FRN when the SLD is uncertain at the time the letter is generated whether there will be sufficient funds to make commitments for requests for internal connections at a particular discount level. For example, if your application included requests for discounts on both telecommunications services and internal connections, you might receive a letter with our funding commitment for your telecommunications funding requests and a message that your internal connections requests are "As Yet Unfunded." You would receive a subsequent letter(s) regarding the funding decision on your internal connections requests.

**SERVICES ORDERED:** The type of service ordered from the service provider, as shown on Form 471.

**SPIN (Service Provider Identification Number):** A unique number assigned by the Universal Service Administrative Company to service providers seeking payment from the Universal Service Fund for participating in the universal service support programs. A SPIN is also used to verify delivery of services and to arrange for payment.

**SERVICE PROVIDER NAME:** The legal name of the service provider.

**CONTRACT NUMBER:** The number of the contract between the eligible party and the service provider. This will be present only if a contract number was provided on Form 471.

**BILLING ACCOUNT NUMBER:** The account number that your service provider has established with you for billing purposes. This will be present only if a Billing Account Number was provided on Form 471.

**EARLIEST POSSIBLE EFFECTIVE DATE OF DISCOUNT:** The first possible date of service for which the SLD will reimburse service providers for the discounts for the service.

**CONTRACT EXPIRATION DATE:** The date the contract expires. This will be present only if a contract expiration date was provided on Form 471.

**SITE IDENTIFIER:** The Entry Number listed in Form 471, Block 5, Item 22a will be listed. This will appear only for "site specific" FRNs.

**PRE-DISCOUNT AMOUNT:** Amount in Form 471, Block 5, Item 23, Column I, as determined through the application review process.

**DISCOUNT PERCENTAGE APPROVED BY THE SLD:** This is the discount rate that the SLD has approved for this service.

**FUNDING COMMITMENT DECISION:** This represents the total amount of funding that the SLD has reserved to reimburse service providers for the approved discounts for this service through June 30, 2002. It is important that you and the service provider both recognize that the SLD should be invoiced and the SLD may direct disbursement of discounts only for eligible, approved services actually rendered.

#### DUPLICATE LETTER

FUNDING COMMITMENT DECISION EXPLANATION: This entry may amplify the comments in the  
"Funding Commitment Decision" area.

DUPLICATE LETTER

ECDE/Schools and Libraries Division/USAC

Page 5 of 6

04/19/2002

FUNDING COMMITMENT REPORT

Form 471 Application Number: 256221  
Funding Request Number: 639696 Funding Status: Funded  
Services Ordered: Internal Connections  
SPIN: 143023021 Service Provider Name: EMO Communications, Inc.  
Contract Number: HSD-BR-19  
Billing Account Number: N/A  
Earliest Possible Effective Date of Discount: 07/01/2001  
Contract Expiration Date: 06/30/2002  
Pre-Discount Amount: \$6,989,500.00  
Discount Percentage Approved by the SLD: 88%  
Funding Commitment Decision: \$6,150,760.00 - FRN approved; modified by SLD  
Funding Commitment Decision Explanation: The one-time charge was changed to reflect the documentation provided by the applicant.

DUPLICATE LETTER

**ATTACHMENT 5**



Invoice Number: 474 Harris Server2	Invoice Status: COMPLETED	Provider Proof Date:
SLC Invoice Number: 338383	Invoice Source: Manual	S/L Proof Date:
SPIN: 143023021	Provider Name: EMO Communications, Inc.	
471 Applicant Number:	471 Applicant Name:	
Invoice Date to SLC: 10/30/2002	Contact Name: Ron Morrett	Provider Letter Sent Date:
Inv. Receipt Date: 10/30/02	Contact Telephone: (717) 370633	S/L Letter Sent Date:
Total Inv. Amt. 4077076.2	Contact Telephone Ext:	IP Address: 138.89.66.88
Email: morrett@emocomm.com	Contact Fax: (717) 3034744	
Invoice Validation Reasons:		

**ATTACHMENT 6**

**ATTACHMENT 7**

Cycle 2855

0143023021 0001 F01 BPO 1N0000 M01 IN0000 AL01  
EMO Communications, Inc.  
ATTN: Ron Monzetti  
329 South Front Street  
Wormleysburg PA 17043

SPIN # 143023021 USAC REFERENCE # C000119118

STATEMENT DATE 11/22/2002

11/22/2002 143023021 0001 474HarrisServer2 2038537.60  
SEM Invoice Number: 338883; Line Item Detail Number:  
1049559; Amount Requested: 2038537.60;

11/22/2002 143023021 0001 474HarrisServer2 2038537.60  
SEM Invoice Number: 338883; Line Item Detail Number:  
1049559; Amount Requested: 2038537.60;

-----  
4077075.20  
-----

12002: 50002137261m Park Drive  
F 7046466422033  
(703) 222-5160

0120082064  
NOVEMBER 26, 2002

Pay To The Order Of **THE COMMUNITY ADAMS, INC.**  
ATTN: RON MORFETT

VOID AFTER 180 DAYS  
70-23047-18  
\*30-2-54 077 075.20\*

FROM MILLION SEVENTY SEVEN THOUSAND SEVENTY FIVE DOLLARS AND 20/100

LOSABLE BANK N.Y.A.  
CHICAGO, ILLINOIS 60603

Authorized Signature

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 98. *[Redacted]*  
 99. *[Redacted]*  
 100. *[Redacted]*

DO NOT WRITE, STAMP OR ENCASE BELOW.  
RESERVED FOR FINANCIAL INSTITUTION USE

**ATTACHMENT 8**

[illegible]

**ATTACHMENT 9**



100 S. Jefferson Rd. #1809  
 Winthrop, NE 68091  
 Phone: 402-581-6720  
 Fax: 402-581-6529



## Fax

To: Hartburg City SD From: Jennifer Baumann  
 Fax: \_\_\_\_\_ Date: November 11, 2002  
 Phone: \_\_\_\_\_ Pages: 1  
 Re: Contact Extension for FRN 638696 CC: \_\_\_\_\_  
☐ Urgent ☐ For Review ☐ Please Comment ☒ Please Reply ☐ Please Reply

### Comments:

As discussed, since you have an agreement with your service provider for a contact extension, please complete the below extension dates, certify with your signature, and forward back to me. Select one statement below that pertains to the subject FRN:

\* The Form 485 or Form 500 previously submitted contained errors. The contract underlying the subject FRN has been extended from 9/30/02 to 9/30/03. This contract extension is in compliance with state and local procurement regulations.

-or-

☒ Since you have an agreement with your service provider for a contact extension, the contract underlying the subject FRN has been extended from \_\_\_\_\_ to \_\_\_\_\_. This contract extension is in compliance with state and local procurement regulations.

Signature: [Signature]

Name: John W. Wenzel

Title: -IT Director-

Organization: HARTSBURG CITY SD

If you have any questions or concerns, please call or email me at [baumann@neca.org](mailto:baumann@neca.org). Return either by fax or e-mail (official applicant e-mail addresses only please, e.g., ...@k12.state.us, etc.) back to me within seven calendar days to ensure prompt processing of this invoice. Thank you.

100 S. Jefferson Rd. - 1809  
 Whippany, NJ 07981  
 Phone: 973-581-9726  
 Fax: 973-599-6538



## Fax

To: Harrisburg City SD From: Jennifer Baumann  
 Fax: Date: November 11, 2002  
 Phone: Pages: 1  
 Re: Contract Extension for FRN 639696 CC:  
☐ Urgent ☐ For Review ☐ Please Comment ☒ Please Reply ☐ Please Recycle

### Comments:

As discussed, since you have an agreement with your service provider for a contract extension, please complete the below extension dates, certify with your signature, and forward back to me. Select one statement below that pertains to the subject FRN:

\* The Form 486 or Form 500 previously submitted contained errors. The contract underlying the subject FRN has been extended from 9/30/02 to 9/30/03. This contract extension is in compliance with state and local procurement regulations.

- or -

\* Since you have an agreement with your service provider for a contract extension, the contract underlying the subject FRN has been extended from \_\_\_\_\_ to \_\_\_\_\_. This contract extension is in compliance with state and local procurement regulations.

Signature:

Name:

Title:

Organization:

*J. L. Weaver*  
*John Weaver*  
*- IT Director*  
 Harrisburg City SD

If you have any questions or concerns, please call or email me at [bauman@neca.org](mailto:bauman@neca.org). Return either by fax or e-mail (official applicant e-mail addresses only please, e.g.: ...@K12.state.us, etc.) back to me within seven calendar days to ensure prompt processing of the invoice. Thank you.

**ATTACHMENT 10**

Cycle 3574

0143023021 0901 P01 B00 IN0000 M01 IN0000 AL01  
EMO Communications, Inc.  
ATTN: Ron Morcett  
329 South Front Street  
Wormleysburg PA 17043

SPIN # 143023021 USAC REFERENCE # C000132853

STATEMENT DATE 05/08/2003

05/08/2003 143023021 639596 474HarrisServer3 2073684.80  
SLD Invoice Number:357843;Line Item Detail Number:  
1126548;Amount Requested:2073684.80;Partial Payment,  
Inv > Remaining Commitment;1201;

2073684.80

USAC



0130046848  
MAY 13, 2003

PAY TO THE ORDER OF: ENO COMMUNICATIONS, INC.  
ATTN: RON MORTRETT

Amount TWO MILLION SEVENTY THREE THOUSAND SIX HUNDRED EIGHTY FOUR DOLLARS AND 80/100

LASALLE BANK N.A.  
CHICAGO, ILLINOIS 60603

Authorized Signature

ENDORSE HERE

X

DO NOT WRITE, STAMP OR ENDORSE BELOW.  
RESERVED FOR FINANCIAL INSTITUTION USE.

**ATTACHMENT  
15**

Application ID: 357843

## Universal Service for Schools and Libraries

Estimated Average Burden Hours Per Response: 1.5 hours

Please read instructions before completing.

This form can be filed online or by mail.

(To be completed by Service Providers)

## SERVICE PROVIDER Invoice Form

Persons willfully making false statements on this form can be punished by fine or forfeiture, under the Communications Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. Sec. 1001.

NOTICE TO INDIVIDUALS: Section 69.619 of the Federal Communications Commission's rules requires the fund administrator to review bills for services and to determine the amount of universal service support to be disbursed to service providers. All service providers that have signed a contract or have tariffs in effect under which they provide discounted service to eligible schools and libraries who have received a Funding Commitment Decisions Letter from the fund administrator are required to submit this Service Provider Invoice Form to obtain universal service support for the amount of the discounts provided to eligible schools and libraries. This Service Provider Invoice Form informs the fund administrator of the amount of the discounts provided to eligible schools and libraries and for which the service provider seeks universal service support. The collection of information stems from the Commission's authority under Section 254 of the Communications Act of 1934, as amended, 47 U.S.C. § 254.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The FCC is authorized under the Communications Act of 1934, as amended, to collect the personal information we request in this form. We will use the information you provide to determine whether approving this application is in the public interest. If we believe there may be a violation or potential violation of a FCC statute, regulation, rule or order, your application may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing or implementing the statute, rule, regulation or order. In certain cases, the information in your application may be disclosed to the Department of Justice or a court or adjudicative body when (a) the FCC; or (b) any employee of the FCC; or (c) the United States Government, is a party in a proceeding before the body or has an interest in the proceeding.

If you owe a past due debt to the federal government, the taxpayer identification number and other information you provide may also be disclosed to the Department of the Treasury Financial Management Service, other federal agencies and/or your employer to offset your salary, IRS tax refund or other payments to collect that debt. The FCC may also provide this information to these agencies through the matching of computer records when authorized.

If you do not provide the information requested on the form, your application may be returned without action or your application may be delayed.

The foregoing Notice is required by the Privacy Act of 1974, Pub. L. No. 93-579, December 31, 1974, 5 U.S.C. § 552, and the Paperwork Reduction Act of 1995, Pub. L. No. 104-13, 44 U.S.C. § 3501, et seq.

Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, completing, and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the reporting burden to the Federal Communications Commission, Performance Evaluation and Records Management, Washington, D.C. 20554.

1. Service Provider Name (30 characters maximum)	EMO Communications, Inc.		
2. Service Provider Identification Number (SPIN) (9 characters maximum)	143023021		
3. Contact Name (30 characters maximum)	Ron Morrett		
4. Contact Telephone Number (14 digits maximum)	Area Code: 717	Phone Number: 737-0533	Ext.:
Contact Fax Number (10 digits maximum)	Area Code: 717	Fax Number: 303-1744	
Contact Email Address (100 characters maximum)	rmorrett@emocomm.com		
5. Invoice Number (25 characters maximum)	474HarrisServer3		
6. Invoice Date to SLD (mmddyyyy)	01232003		
7. Total Invoice Amount (sum on Column (14) - 14 digits maximum)	\$2,072,684.00		

# SERVICE PROVIDER Invoice Form

	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	FCC Form 471 Application Number (up to 10 digits) (from Funding Commitment Decisions Letter)	Funding Request Number (FRN) (up to 10 digits) (from Funding Commitment Decisions Letter)	Bill Frequency (e.g., Monthly, Quarterly, Annually, One- time, Other)	Customer Billed Date (mmyyyy)	Shipping Date to Customer or Last Day of Work Performed (mmddyyyy)	Total (Undiscounted) Amount for Service per FRN (14.2 digits max.)	Discount Amount Billed to SLD (14.2 digits max.)
				For each FRN, there should be an entry in Column (11) or Column (12) but NOT BOTH			
1	256221	639696	ON DELIVERY		01152002	\$2356460.00	\$2073684.80
2							
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**ATTACHMENT**  
**16**

Confirmation Report - Memory Send

Date & Time: Feb-04-2003 10:40pm  
Tel line : 7177034140  
Machine ID : HBGSD IT

Job number : 407  
Date & Time : Feb-04 10:37pm  
To : 919735996539  
Number of pages : 004  
Start time : Feb-04 10:37pm  
End time : Feb-04 10:40pm  
Pages sent : 004  
Status : OK

Job number : 407

\*\*\* SEND SUCCESSFUL \*\*\*



**HARRISBURG SCHOOL DISTRICT**

1201 North Sixth Street • Harrisburg, PA 17102-1406  
(717) 703-4017 • FAX (717) 703-4140

I.T. DEPARTMENT

**Fax**

To: Suzana M. Lacombe Fax# 913-599-6539  
From: John Weaver Phone # 703-4124 (717)  
Date: 2/4/03 CC:  
Page: 1 of 4

☒ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply

Comments (if any)

*Thank you!!*



# HARRISBURG SCHOOL DISTRICT

1201 North Sixth Street • Harrisburg, PA 17102-1406

(717) 703-4017 • FAX (717) 703-4140

I.T. DEPARTMENT

## Fax

To: Suzana M. Lacomica Fax# 973-599-6539  
From: John Weaver Phone # 703-4124 (717)  
Date: 2/4/03 CC: \_\_\_\_\_  
Re: \_\_\_\_\_ Page: 1 of 4

☒ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply

Comments (if any)

*Thank you!!*

## Service Certification

<b>Service Provider Name</b>	EMO Communications, Inc.
<b>Service Provider SPIN</b>	1430023021
<b>Service Provider Invoice #</b>	474HarrisServer3
<b>Undiscounted Invoice Amount</b>	\$2,356,460.00
<b>Discounted Invoice Amount</b>	\$2,073,684.80

<b>Applicant Name</b>	HARRISBURG SCHOOL DISTRICT
<b>Representative / Contact Name</b>	JOHN WEAVER
<b>Representative / Contact Title</b>	I.T. DIRECTOR
<b>Representative / Contact Phone</b>	717-703-4078
<b>Billed Entity Number (BEN)</b>	125727
<b>471#</b>	256221
<b>FRN#</b>	639696
<b>Date Services Delivered and Installed</b>	01/15/2003

This is to certify that I am authorized to represent the above named applicant. This is also to certify the services described on the attached vendor invoice were delivered and installed.

Or The charges represented by the above represented invoice are deposits or up-front charges for services, which have not been delivered, and have been agreed to based on the contract between the above referenced Applicant and Service Provider

Signed: <i>John Weaver</i>	Signed:
Date: 1/29/03	Date:
<b>Copy of <u>detailed</u> vendor invoice must be attached</b>	<b>Copy of <u>supporting contract</u> must be attached if indicated below</b>
	Supporting Contract Required YES <input type="checkbox"/> NO <input type="checkbox"/>

Application ID: 357843

## Universal Service for Schools and Libraries

Estimated Average Burden Hours Per Response: 1.5 hours

Please read instructions before completing.

This form can be filed online or by mail.

(To be completed by Service Providers)

## SERVICE PROVIDER Invoice Form

Persons willfully making false statements on this form can be punished by fine or forfeiture, under the Communications Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. Sec. 1001.

**NOTICE TO INDIVIDUALS:** Section 89.619 of the Federal Communications Commission's rules requires the fund administrator to review bills for services and to determine the amount of universal service support to be disbursed to service providers. All service providers that have signed a contract or have tariffs in effect under which they provide discounted service to eligible schools and libraries who have received a Funding Commitment Decisions Letter from the fund administrator are required to submit this Service Provider Invoice Form to obtain universal service support for the amount of the discounts provided to eligible schools and libraries. This Service Provider Invoice Form informs the fund administrator of the amount of the discounts provided to eligible schools and libraries and for which the service provider seeks universal service support. The collection of information stems from the Commission's authority under Section 254 of the Communications Act of 1934, as amended, 47 U.S.C. § 254.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The FCC is authorized under the Communications Act of 1934, as amended, to collect the personal information we request in this form. We will use the information you provide to determine whether approving this application is in the public interest. If we believe there may be a violation or potential violation of a FCC statute, regulation, rule or order, your application may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing or implementing the statute, rule, regulation or order. In certain cases, the information in your application may be disclosed to the Department of Justice or a court or adjudicative body when (a) the FCC; or (b) any employee of the FCC; or (c) the United States Government, is a party in a proceeding before the body or has an interest in the proceeding.

If you owe a past due debt to the federal government, the taxpayer identification number and other information you provide may also be disclosed to the Department of the Treasury Financial Management Service, other federal agencies and/or your employer to offset your salary, IRS tax refund or other payments to collect that debt. The FCC may also provide this information to these agencies through the matching of computer records when authorized.

If you do not provide the information requested on the form, your application may be returned without action or your application may be delayed.

The foregoing Notice is required by the Privacy Act of 1974, Pub. L. No. 93-579, December 31, 1974, 5 U.S.C. § 552, and the Paperwork Reduction Act of 1995, Pub. L. No. 104-13, 44 U.S.C. § 3501, et seq.

Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, completing, and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the reporting burden to the Federal Communications Commission, Performance Evaluation and Records Management, Washington, D.C. 20554.

1. Service Provider Name (30 characters maximum)	EMO Communications, Inc.		
2. Service Provider Identification Number (SPIN) (9 characters maximum)	143023021		
3. Contact Name (30 characters maximum)	Ron Morrett		
4. Contact Telephone Number (14 digits maximum)	Area Code: 717	Phone Number: 737-0533	Ext.:
Contact Fax Number (10 digits maximum)	Area Code: 717	Fax Number: 303-1744	
Contact Email Address (100 characters maximum)	rmorrett@emocomm.com		
5. Invoice Number (25 characters maximum)	474HarrisServer3		
6. Invoice Date to SLD (mmddyyyy)	01232003		
7. Total Invoice Amount (sum on Column (14) - 14 digits maximum)	\$2,072,884.80		

# SERVICE PROVIDER Invoice Form

	(8) FCC Form 471 Application Number (up to 10 digits) (from Funding Commitment Decisions Letter)	(9) Funding Request Number (FRN) (up to 10 digits) (from Funding Commitment Decisions Letter)	(10) Bill Frequency (e.g., Monthly, Quarterly, Annually, One- time, Other)	(11) Customer Billed Date (mm/yyyy)	(12) Shipping Date to Customer or Last Day of Work Performed (mmddyyyy)	(13) Total (Undiscounted) Amount for Service per FRN (14.2 digits max.)	(14) Discount Amount Billed to SLD (14.2 digits max.)
				For each FRN, there should be an entry in Column (11) or Column (12) but NOT BOTH			
1	256221	639698	ON DELIVERY		01152002	\$2358460.00	\$2073684.80
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**ATTACHMENT**  
**17**



## PARTIAL DELIVERY CONFIRMATION

This is to confirm a partial delivery on Sales Order # SO0000968.

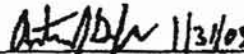
Delivery location:  
Harrisburg School District

Delivery date: 1/31/03

Items delivered: <sup>100 per</sup>  
Qty - 200 470045-647 Evo N1020V Notebooks  
Qty - 200 383836-001 Multiport Wireless W200 Modules

Delivered by: 

Received at Hbg School Dist by:

 1/31/03  
Signature/Date

Anthony J. Garofalo  
Printed Name





## PARTIAL DELIVERY CONFIRMATION

This is to confirm a partial delivery on Sales Order # SO0000968.

## Delivery location:

EMO Communications  
329 South Front St.  
Wormleysburg PA 17043

Harnsburg School  
District

Delivery date: 1/9/03

## Items delivered:

Qty - 100 Part # 283836-001 (Multiport Wireless W200 Module 802.11B)  
Qty - 100 Part # 470045-647 (Evo Notebook M1020V US)

Delivered by:

Todd Raymond

Received at EMO by:

Anthony J. Garofalo  
Signature/Date

Anthony J. Garofalo  
Printed Name



PO # 011479

## PARTIAL DELIVERY CONFIRMATION

This is to confirm a partial delivery on Sales Order # SO0000968.

Delivery location:  
Harrisburg School District

Delivery date: 1/9/03

## Items delivered:

Qty - 100 Part # 283836-001 (Multiport Wireless W200 Module 802.11B)  
Qty - 100 Part # 470045-647 (Evo Notebook M1020V US)

Delivered by:

Todd Raymond

Received at EMO by:

Anthony J. Gerold  
Signature Date

Anthony J. Gerold  
Printed Name



## PARTIAL DELIVERY CONFIRMATION

This is to confirm a partial delivery on Sales Order # SO0000968.

Delivery location:

Harrisburg School District

Delivery date: 3/6/03

Items delivered:

Qty - 200 470045-647 Compaq EVO N1020V Laptops  
Qty - 200 283836-001 Multiport Wireless W200 Module  
Qty - 200 242360-B25 Compaq Plus Nylon Case

Delivered by:

A handwritten signature in dark ink, appearing to read "Anthony J. Gorobko".

Received at Hbg School Dist by:

A handwritten signature and the date "3/6/03" written in dark ink.

Signature/Date

Anthony J. Gorobko

Printed Name



## PARTIAL DELIVERY CONFIRMATION

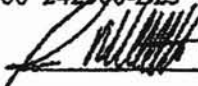
This is to confirm a partial delivery on Sales Order # SO0000968.

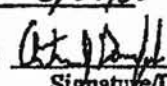
Delivery location:  
Harrisburg School District

Delivery date: 3/27/03

## Items delivered:

Qty - 87 470045-647 Compaq EVO N1020V Laptops  
Qty - 94 283836-001 Multiport Wireless Module  
Qty - 100 242360-B25 Nylon Cases

Delivered by:  3/27/03 Tim M. Allen

Received at Hbg School Dist by:  3/27/03 Anthony Garofalo  
Signature/Date Printed Name



## PARTIAL DELIVERY CONFIRMATION

This is to confirm a partial delivery on Sales Order # SO0001157.

Delivery location:  
Harrisburg School District

Delivery date: 6/2/03

Items delivered:  
Qty - 61 470045-647 Compaq EVO N1020V Laptops

Delivered by: Anthony Garofalo

Received at Hbg School Dist by: Anthony Garofalo 6/2/03  
Signature/Data Printed Name

**ATTACHMENT**  
**18**



# HARRISBURG SCHOOL DISTRICT

1201 North Sixth Street • Harrisburg, PA 17102-1406  
(717) 703-4022 • FAX (717) 703-4115

---

OFFICE OF THE SUPERINTENDENT

June 4, 2003

Mr. John Weaver  
146 Weldon Drive  
York, PA 17404

Dear Mr. Weaver:

You are hereby suspended, with pay, effective immediately. You are not to have any access physically or electronically to school district property. You are to turn over all keys, access codes, access cards, and passwords to Henry Sandifer (bearer of this letter) immediately.

Sincerely,

Julie Botel  
Deputy Superintendent

cc: Dr. Gerald Kohn  
William Gretton  
Mark Holman

### Harrisburg School District Administrative Passwords

Purpose

Password

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

These are the only administrative passwords I am aware of.

---

John Weaver


Date



**ATTACHMENT**  
**19**

**DATE:** June 19, 2003

**TO:** William Gretton  
Business Administrator  
Harrisburg School District

**FROM:** John Weaver   
I.T. Director  
Harrisburg School District

**SUBJECT:** Resignation/Retirement

Mr. Gretton

Due to poor health I find it in my best interest and the Districts, to resign/retire from my position as the I.T. Director for the Harrisburg School District, effective June 30, 2003. I will use sick days from my sick leave to cover the time from June 18, 2003 to June 30, 2003.

I want to thank the District for the opportunities it has given me over the past sixteen years.

RECEIVED  
BUSINESS SERVICES  
2003 JUN 23 PM 2:46

**ATTACHMENT**  
**20**



**U.S. Department of Justice**

**Thomas A. Marino**  
*United States Attorney  
Middle District of Pennsylvania*

*William J. Nealon Federal Building  
Suite 311  
235 N. Washington Avenue  
P.O. Box 309  
Scranton, PA 18501-0309  
(570) 348-1800  
FAX (570) 348-2816/348-2830*

*Harrisburg Federal Building and  
Courthouse, Suite 220  
228 Walnut Street  
P.O. Box 11754  
Harrisburg, PA 17108-1754  
(717) 221-4482  
FAX (717) 221-4582/221-2346*

*Herman T. Schneebell Federal Building  
Suite 316  
240 West Third Street  
Williamsport, PA 17701-6465  
(570) 326-1935  
FAX (570) 326-7926*

**December 8, 2003**

**PRESS RELEASE**

Federal and local officials announced today the filing of criminal charges in an alleged \$1,900,000 kickback conspiracy case relating to federally funded information technology program contracts involving the Harrisburg School District.

THOMAS A. MARINO, United States Attorney for the Middle District of Pennsylvania, JEFFREY A. LAMPINSKI, Special Agent in Charge of the FBI's Philadelphia Division Office, along with MAYOR STEVE REED, City of Harrisburg, and CHARLES KELLAR, Chief, Harrisburg Police Department, announced today that two men have been charged in a two count Criminal Information with participating in this \$1,900,000 kickback conspiracy.

The defendants charged today were:

**RONALD R. MORRETT**, age 34  
Harrisburg, PA.  
*President, EMO Communications, Inc.*

and

**JOHN HENRY WEAVER**, age 55  
York, PA.  
*Former Director of Information Technology for the Harrisburg  
School District*

The Criminal Information filed today in federal court charges **MORRETT** and **WEAVER** with conspiring to make more than \$1,900,000 in kickback payments to one another in connection with a federally-funded, \$6,900,000 information technology services contract involving the Harrisburg School District and **MORRETT's** firm, EMO Communications.

In announcing the filing of this charge **MR. MARINO** and **SPECIAL AGENT IN CHARGE LAMPINSKI** emphasized that the current administration at the Harrisburg School District and the City of Harrisburg initially discovered this matter, brought it to the attention of federal authorities, and cooperated extensively with all aspects of the government's investigation into this kickback conspiracy. Federal officials praised city and school officials for their initiative in referring this matter and their complete cooperation in all aspects of this investigation.

The Criminal Information filed in federal court alleges at the time of this conspiracy, **WEAVER**, as part of his duties at the Harrisburg School District, oversaw implementation of this federally funded contract with **MORRETT's** business. That contract was initially negotiated and implemented by the school district in 1999 and 2000, prior to the current

school administration assuming responsibility for Harrisburg's schools. According to the charges filed in federal court more than 80% of this multi-million dollar contract for the school district was directly funded by the United States government through a federal grant made to the school district.

The Criminal Information alleges that between April 2002 and May 2003 MORRETT and WEAVER agreed that kickbacks totaling more than \$1,900,000 would be paid to WEAVER by MORRETT relating to this contract. The Information charges that some 12 kickback payments were made during the 13 months of the conspiracy. According to the Criminal Information, MORRETT and WEAVER agreed that some of the payments would be funneled through various bank accounts belonging to third parties in order to conceal the payments.

The Criminal Information contains a second count which calls for WEAVER to forfeit the \$1,900,000 in bribe proceeds which he obtained in the course of the conspiracy. This criminal forfeiture count also includes some twelve specific assets which the government would seek to forfeit as substitute assets. These assets, whose forfeiture is sought in the criminal Information, include: three vehicles; a motorboat; seven parcels of real estate; and WEAVER's interest in an Ocean City bar and café.

According to MR. MARINO, along with this Criminal Information, the United States has filed two plea agreements signed by WEAVER and MORRETT. In these agreements the defendants agree to enter guilty pleas to these charges, make restitution and truthfully

cooperate with the government's on-going investigation of this matter. In addition, **WEAVER** has agreed to consent to the criminal forfeiture described in the Information.

In announcing these charges, **MR. MARINO** stated: "The actions taken today represent the commitment of the Department of Justice, the Federal Bureau of Investigation and the Harrisburg Police Department to ensure the highest standards of integrity for those officials and businesses that assist and serve our children and schools. This action also reflects the commitment of the law enforcement community to investigate and pursue allegations of wrongdoing, wherever they may occur, whether it be on our city streets, government offices or business suites."

This investigation has been conducted by the Federal Bureau of Investigation and the Harrisburg Police Department. **MR. MARINO** praised the FBI and the Harrisburg Police Department for their thorough and tireless investigation of this matter.

The case will be handled by Assistant U.S. Attorneys Martin C. Carlson and James Clancy.

\*\*\*\*\*

An Indictment or Information is not evidence of guilt but simply a description of the charge made by the Grand Jury and/or United States Attorney against a defendant. A charged Defendant is presumed innocent until a jury returns a unanimous finding that the United States has proven the defendant's guilt beyond a reasonable doubt or until the defendant has pled guilty to the charges.

**ATTACHMENT**  
**21**



UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF PENNSYLVANIAFILED  
HARRISBURG, PA

DEC 8 - 2003

MARY E. D'ANDREA, CLERK  
Per h Deputy Clerk

UNITED STATES OF AMERICA

v.

RONALD MORRETT

) CRIMINAL NO. 03-337  
)  
) (Judge ) Conner  
)  
) (Filed Electronically)PLEA AGREEMENT

The following plea agreement is entered into by and between the United States Attorney for the Middle District of Pennsylvania and the above-captioned defendant. Any reference to the United States or to the Government in this Agreement shall mean the office of the United States Attorney for the Middle District of Pennsylvania.

The defendant, as well as counsel for both parties, understand that the United States Sentencing Commission Guidelines which took effect on November 1, 1987, as amended, will apply to the offenses to which the defendant is pleading guilty, since those offenses were completed after the effective date of the implementation of the Guidelines.

1. The defendant agrees to waive indictment by a grand jury and plead guilty to a felony information which will be filed against the defendant by the United States Attorney for the Middle District of Pennsylvania. That information will charge the defendant with a violation of Title 18, United States Code, Section 371, CONSPIRACY. The maximum penalty for that offense is imprisonment for a period of 5 years, a fine of \$250,000.00, a maximum term of supervised release of up to 3 years, to be determined by the court, which shall be served at the conclusion of and in addition to any term of imprisonment, the costs of prosecution, denial of

certain federal benefits as well as an assessment in the amount of \$100.00. At the time the guilty plea is entered, the defendant shall admit to the Court that the defendant is, in fact, guilty of the offense charged in the information. In the event that the defendant subsequently successfully vacates or sets aside any plea, conviction or sentence imposed pursuant to this plea agreement, the defendant further agrees to waive any defense to the filing of additional charges which could have been brought against the defendant at the time of this plea based upon laches, the assertion of any speedy trial rights, any applicable statute of limitations, or any other grounds.

2. The defendant also understands that the Court must impose a term of supervised release following any sentence of imprisonment exceeding one (1) year, or when required by statute. The Court may require a term of supervised release in any other case.

3. The defendant understands that the Court may impose a fine pursuant to the Sentencing Reform Act of 1984. The willful failure to pay any fine imposed by the Court, in full, may be considered a breach of this plea agreement. Further, the defendant acknowledges that willful failure to pay the fine may subject the defendant to additional criminal violations and civil penalties pursuant to Title 18, United States Code, Section 3611, et seq.

4. The defendant understands that under the alternative fine section of Title 18, United States Code, Section 3571, the maximum fine quoted above may be increased if the District Court finds that any person derived pecuniary gain or suffered pecuniary loss from the offense and that the maximum fine to be imposed, if the Court elects to proceed in this fashion, could be twice the amount of the gross gain or twice the amount of the gross loss resulting from the offense.

5. If the Court awards a fine or restitution as part of the defendant's sentence, and the

sentence includes a term of imprisonment, the defendant agrees to voluntarily enter the United States Bureau of Prisons-administered program known as the Inmate Financial Responsibility Program through which the Bureau of Prisons will collect up to 50% of the defendant's prison salary and apply those amounts on the defendant's behalf to the payment of the outstanding fine and restitution orders.

6. The defendant understands that the Court will impose a special assessment of \$100.00 pursuant to the provisions of Title 18, United States Code, Section 3013. No later than the date of sentencing, the defendant or defendant's counsel shall mail a check in payment of the special assessment directly to the Clerk, United States District Court Middle District of Pennsylvania. This check should be made payable to "Clerk, United States District Court". Counsel for the defendant shall provide a copy of the special assessment check to the United States Attorney's Office for the Middle District of Pennsylvania at the time of sentencing certifying compliance with this provision of the plea agreement. If the defendant intentionally fails to make this payment, or pays with an insufficient funds check, it is understood that this failure may be treated as a breach of this plea agreement and may result in further prosecution or the filing of additional criminal charges.

7. The defendant agrees, as a part of this agreement, to submit to interviews by the United States Attorney's Office's Financial Litigation Unit regarding the defendant's financial status. Pursuant to Title 18, United States Code, Section 3664 (d)(3) the defendant also agrees to complete the required financial affidavit, fully describing the defendant's financial resources within 10 days of the guilty plea. The defendant will submit the original affidavit, on forms prescribed by the probation office, to the U.S. Probation Office with a copy to the United States

Attorney's office.

8. The United States Attorney's Office for the Middle District of Pennsylvania agrees that it will not bring any other criminal charges against the defendant directly arising out of the defendant's involvement in the offense described above. However, nothing in this agreement will limit prosecution for criminal tax charges, if any, arising out of those offenses.

9. Counsel for the defendant has affirmatively indicated to the United States Attorney's Office that the defendant not only wishes to enter a plea of guilty, but will clearly demonstrate a recognition and affirmative acceptance of responsibility as required by the sentencing guidelines. Additionally, the defendant has assisted authorities in the investigation and prosecution of his own misconduct by timely notifying authorities of his intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the government and the court to allocate its resources efficiently. Accordingly, if the defendant can adequately demonstrate this acceptance of responsibility to the government, the United States hereby moves at sentencing that the defendant receive a three-level reduction in the defendant's offense level for acceptance of responsibility. The failure of the Court to find that the defendant is entitled to this three-level reduction shall not be a basis to void this plea agreement.

10. At the time of sentencing, the United States will make a specific recommendation within the applicable guideline range and reserves the right to recommend the maximum sentence within that range.

11. If probation or a term of supervised release is ordered, the United States may recommend that the court impose one or more special conditions, including but not limited to the following:

- 
- (a) The defendant be prohibited from possessing a firearm or other dangerous weapon.
- (b) The defendant make restitution, if applicable payment of which shall be in accordance with a schedule to be determined by the court.
- (c) The defendant pay any fine imposed in accordance with a schedule to be determined by the court.
- (d) The defendant be prohibited from incurring new credit charges or opening additional lines of credit without approval of the probation office unless the defendant is in compliance with the payment schedule.
- (e) The defendant be directed to provide the probation office and the United States Attorney access to any requested financial information.
- (f) The defendant be confined in a community treatment center, halfway house or similar facility.
- (g) The defendant be placed under house detention.
- (h) The defendant be ordered to perform community service.
- (i) The defendant be restricted from working in certain types of occupation or with certain individuals, if the Government deems such restrictions to be appropriate.
- (j) The defendant be directed to attend substance abuse counseling which may include testing to determine whether the defendant is using drugs or alcohol.

(k) The defendant be directed to attend psychiatric or psychological counseling and treatment in a program approved by the probation officer.

(l) The defendant be denied certain federal benefits including contracts, grants, loans, fellowships and licenses.

(m) The defendant be directed to pay any state or federal taxes and file any and all state and federal tax returns as required by law.

12. The defendant has agreed to cooperate with the United States. Upon completion of the cooperation, if the United States believes the defendant has provided "substantial assistance" pursuant to Title 18, United States Code, Section 3553(e) or Section 5K1.1 of the United States Sentencing Guidelines, the United States may request the Court to depart below any applicable mandatory minimum range and/or the guideline range when fixing a sentence for this defendant. In the event that the defendant renders substantial assistance, the United States specifically reserves the right to make a specific recommendation of a term of months to the District Court. However, the defendant acknowledges that the United States may decline to exercise its discretion and recommend a departure if the defendant breaches any of the provisions of this Agreement, or commits any other offense while awaiting plea or sentencing.

19A. The defendant has agreed to cooperate with the United States. Upon completion of the cooperation, if the United States believes the defendant has provided "substantial assistance" pursuant to Title 18, United States Code, Section 3553(e), the United States may request the Court to depart below any mandatory minimum sentence when fixing a sentence for this defendant. In the event that the defendant renders substantial assistance, the United States specifically reserves the right to make a specific recommendation of a term of months to the

District Court. However, the defendant acknowledges that the United States may decline to exercise its discretion and recommend a departure if the defendant breaches any of the provisions of this Agreement, or commits any other offense while awaiting plea or sentencing.

13. The defendant acknowledges that, pursuant to the Mandatory Restitution Act of April 24, 1996, Title 18, United States Code, Section 3663A, the Court is required in all instances to order full restitution to all victims for the losses those victims have suffered as a result of the defendant's conduct. With respect to the payment of this restitution, the defendant further agrees that, as part of the sentence in this matter, the defendant shall be responsible for making payment of this restitution in full, unless the defendant can demonstrate to the satisfaction of the court that the defendant's economic circumstances do not allow for the payment of full restitution in the foreseeable future, in which case the defendant will be required to make partial restitution payments.

14. The defendant also understands that the United States will provide to the United States Probation Office all information in its possession which the United States deems relevant regarding the defendant's background, character, cooperation, if any, and involvement in this or other offenses.

15. The defendant understands that pursuant to the United States District Court for the Middle District of Pennsylvania "Policy for Guideline Sentencing" both the United States and defendant must communicate to the probation officer within fourteen (14) days after disclosure of the pre-sentence report any objections they may have as to material information, sentencing classifications, sentencing guideline ranges and policy statements contained on or omitted from the report. The defendant agrees to meet with the United States at least five (5) days prior to

sentencing in a good faith attempt to resolve any substantive differences. If any issues remain unresolved, they shall be communicated to the probation officer for his inclusion on an addendum to the pre-sentence report. The defendant understands that unresolved substantive objections will be decided by the court at the sentencing hearing where the standard of proof will be a preponderance of the evidence. Objections by the defendant to the pre-sentence report or the Court's rulings, will not be grounds for withdrawal of a plea of guilty.

16. The defendant understands that pursuant to the Victim and Witness Protection Act and the regulations promulgated under the Act by the Attorney General of the United States:

(a) The victim of a crime is given the opportunity to comment on the offense and make recommendations regarding the sentence to be imposed. The defendant also understands that the victim's comments and recommendations may be different than those of the parties to this agreement.

(b) The federal prosecutor is required to consult with victims of serious crimes to obtain their views regarding the appropriate disposition of the case against the defendant and make the information regarding sentencing known to the Court. The defendant understands that the victim's opinions and recommendations may be different than those presented by the United States as a consequence of this agreement.

(c) The federal prosecutor is required to "fully advocate the rights of victims on the issue of restitution unless such advocacy would unduly prolong or complicate the sentencing proceeding," and the Court is authorized to order restitution by the defendant including, but not limited to, restitution for property loss, personal injury or death.

17. At the sentencing, the United States will be permitted to bring to the Court's attention, and the Court will be permitted to consider, all relevant information with respect to the



defendant's background, character and conduct including the conduct that is the subject of the charges which the United States has agreed to dismiss, and the nature and extent of the defendant's cooperation, if any. The United States will be entitled to bring to the Court's attention and the Court will be entitled to consider any failure by the defendant to fulfill any obligation under this agreement.

18. The defendant understands that the Court is not a party to and is not bound by this agreement nor any recommendations made by the parties. Thus, the Court is free to impose upon the defendant any sentence up to and including the maximum sentence of imprisonment for 5 years, a fine of \$250,000, a maximum term of supervised release of up to 3 years, which shall be served at the conclusion of and in addition to any term of imprisonment, the costs of prosecution, denial of certain federal benefits and assessments totaling \$100.00.

19. If the Court imposes a sentence with which the defendant is dissatisfied, the defendant will not be permitted to withdraw any guilty plea for that reason alone, nor will the defendant be permitted to withdraw any pleas should the Court decline to follow any recommendations by any of the parties to this agreement.

20. The defendant agrees to cooperate fully with the United States. The defendant understands and agrees that complete and truthful cooperation is a material condition of this agreement. Cooperation shall include providing all information known to the defendant regarding any criminal activity, including but not limited to the offenses described in this agreement. Cooperation will also include complying with all reasonable instructions from the United States, submitting to interviews by investigators and attorneys at such reasonable times and places to be determined by counsel for the United States and to testify fully and truthfully

before any grand juries, hearings, trials or any other proceedings where the defendant's testimony is deemed by the United States to be relevant. The defendant understands that such cooperation shall be provided to any state, local and federal law enforcement agencies designated by counsel for the United States. The United States agrees that any statements made by the defendant during the cooperation phase of this agreement shall not be used against the defendant in any subsequent prosecutions unless and until there is a determination by the Court that the defendant has breached this agreement. However, the United States will be free to use at sentencing in this case any of the statements and evidence provided by the defendant during the cooperation phase of the agreement. Moreover, the parties agree that, although the defendant's statements made during the cooperation phase cannot be used against the defendant in any subsequent criminal prosecution, this provision shall not preclude the United States from requiring the defendant to submit to interviews by local, state or federal agencies which may use these statements in civil or administrative proceedings involving the defendant. The defendant waives and agrees to waive any rights under the Speedy Trial Act and understands and agrees that sentencing may be delayed until the cooperation phase has been completed so that at sentencing the Court will have the benefit of all relevant information.

21. The defendant agrees to act in an undercover capacity to the best of the defendant's ability and agrees to allow the authorities to monitor and tape record conversations, in accordance with Federal law, between the defendant and persons believed to be engaged in criminal conduct, and fully cooperate with the instructions of law enforcement authorities in such undercover activities.

22. The defendant, if requested by the attorney for the United States, agrees to submit to

polygraph examinations by a polygrapher selected by the United States.

23. In the event the United States believes the defendant has failed to fulfill any obligations under this agreement, then the United States shall, in its discretion, have the option of petitioning the Court to be relieved of its obligations. Whether or not the defendant has completely fulfilled all of the obligations under this agreement shall be determined by the Court in an appropriate proceeding at which any disclosures and documents provided by the defendant shall be admissible and at which the United States shall be required to establish any breach by a preponderance of the evidence. In order to establish any breach by the defendant, the United States is entitled to rely on statements and evidence given by the defendant during the cooperation phase of this agreement.

24. The parties agree that at any court hearings held to determine whether the defendant has breached this agreement, the polygraph results and the polygrapher's conclusions and opinions shall be admissible. The parties also agree that such polygraph data shall be admissible at any sentencing hearings involving the defendant.

25. The defendant and the United States agree that in the event the Court concludes that the defendant has breached the agreement:

(a) The defendant will not be permitted to withdraw any guilty plea tendered under this agreement and agrees not to petition for withdrawal of any guilty plea;

(b) The United States will be free to make any recommendations to the Court regarding sentencing in this case;

(c) Any evidence or statements made by the defendant during the cooperation phase

will be admissible at any trials or sentencings;

(d) The United States will be free to bring any other charges it has against the defendant, including any charges originally brought against the defendant or which may have been under investigation at the time of the plea. The defendant waives and hereby agrees not to raise any defense to the reinstatement of these charges based upon collateral estoppel, Double Jeopardy or other similar grounds.

26. Nothing in this agreement shall protect the defendant in any way from prosecution for any offense committed after the date of this agreement, including perjury, false declaration, or false statement, in violation of Title 18, United States Code, Section 1621, 1623, or 1001, or obstruction of justice, in violation of Title 18, United States Code, Section 1503, 1505, or 1510, should the defendant commit any of those offenses during the cooperation phase of this agreement. Should the defendant be charged with any offense alleged to have occurred after the date of this agreement, the information and documents disclosed to the United States during the course of the cooperation could be used against the defendant in any such prosecution.

27. Nothing in this agreement shall restrict or limit the nature or content of the United States's motions or responses to any motions filed on behalf of the defendant. Nor does this agreement in any way restrict the government in responding to any request by the court for briefing, argument or presentation of evidence regarding the application of the Sentencing Guidelines to the defendant's conduct, including but not limited to, requests for information concerning possible sentencing departures.

28. Nothing in this agreement shall bind any other federal, state or local law enforcement agency.

29. The defendant understands that it is a condition of this plea agreement that the defendant refrain from any further violations of state, local or federal law while awaiting plea and sentencing under this agreement. The defendant acknowledges and agrees that if the government receives information that the defendant has committed new crimes while awaiting plea and/or sentencing in this case, the government may petition the Court and, if the Court finds by a preponderance of the evidence that the defendant has committed any other criminal offense while awaiting plea or sentencing, the Government shall be free at its sole election to either: A) withdraw from this agreement, or B) make any sentencing recommendations to the Court that it deems appropriate. The defendant further understands and agrees that, if the Court finds that the defendant has committed any other offense while awaiting plea or sentencing, the defendant will not be permitted to withdraw any guilty pleas tendered pursuant to this plea agreement, and the government will be permitted to bring any additional charges which it may have against the defendant.

30. The United States is entering into this Plea Agreement with the defendant because this disposition of the matter fairly and adequately addresses the gravity of the series of offenses from which the charges are drawn, as well as the defendant's role in such offenses, thereby serving the ends of justice.

31. This document states the complete and only Plea Agreement between the United States Attorney for the Middle District of Pennsylvania and the defendant in this case, and is binding only on the parties to this agreement, supersedes all prior understandings, if any, whether written or oral, and cannot be modified other than in writing that is signed by all parties or on the record in Court. No other promises or inducements have been or will be made to the defendant

in connection with this case, nor have any predictions or threats been made in connection with this plea. Pursuant to Rule 11 of the Federal Rules of Criminal Procedure the defendant certifies that the defendant's plea is knowing and voluntary, and is not the result of force or threats or promises apart from those promises set forth in this written plea agreement.

32. In the event that the defendant does not plead guilty, the plea is not accepted by the court, or the plea is withdrawn, the defendant agrees that he hereby waives any protection afforded by Section 1B1.8(a) of the Sentencing Guidelines, Rule 11(f) of the Federal Rules of Criminal Procedure, and Rule 410 of the Federal Rules of Evidence and that any statements made by him as part of plea discussions or as part of his cooperation with the government will be admissible against him without limitation in any civil or criminal proceeding.

33. The original of this agreement must be signed by the defendant and defense counsel and received by the United States Attorney's Office on or before 5:00 p.m., August 4, 2003, otherwise the offer may, in the sole discretion of the Government, be deemed withdrawn.

34. None of the terms of this agreement shall be binding on the Office of the United States Attorney for the Middle District of Pennsylvania until signed by the defendant and defense counsel and until signed by the United States Attorney.

## ACKNOWLEDGMENTS

I have read this agreement and carefully reviewed every part of it with my attorney. I fully understand it and I voluntarily agree to it.

7-23-03  
Date

[Signature]  
Defendant

I am the defendant's counsel. I have carefully reviewed every part of this agreement with the defendant. To my knowledge my client's decision to enter into this agreement is an informed and voluntary one.

7-23-03  
Date

[Signature]  
Counsel for Defendant

9-5-03  
Date

[Signature]  
United States Attorney

**ATTACHMENT**  
**22**



**UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA

VS.

JUDGMENT IN A CRIMINAL CASE

CASE NUMBER: 1:03-CR-337-02

USM NUMBER: 12216-067

JOHN HENRY WEAVER

Gerald A. Lord, Esquire

Defendant's Attorney

HARRISBURG, PA

MAR 01 2005

MARY E. D'ANDREA, CLERK  
Deputy Clerk**THE DEFENDANT:**☒ pleaded guilty to count(s) I & II of Information.☐ pleaded nolo contendere to count(s) \_\_\_\_\_

which (was)(were) accepted by the court.

☐ was found guilty on count(s) \_\_\_\_\_ after a plea of not guilty.

ACCORDINGLY, the court has adjudicated that the defendant is guilty of the following offense(s):

<u>Title/Section</u>	<u>Nature of Offense</u>	<u>Date Offense</u> <u>Concluded</u>	<u>Count</u> <u>Number(s)</u>
18:371	Conspiracy to Engage in Bribery in a Federally Funded Program	April 2003	I
18:981(a)(1)(c) and 28:2461(c) and 21:853	Criminal Forfeiture	April 2003	II

The defendant is sentenced as provided in pages 2 through 8 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

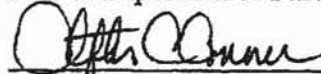
☐ The defendant has been found not guilty on count(s) \_\_\_\_\_.

☐ Count(s) \_\_\_\_\_ (is)(are) dismissed on the motion of the United States.

IT IS FURTHER ORDERED that the defendant shall notify the United States Attorney for this district within 30 days of any change of name, residence or, mailing address until all fines, restitution, costs and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant shall notify the court and United States Attorney of any material change in the defendant's economic circumstances.

March 1, 2005

Date of Imposition of Sentence

CHRISTOPHER C. CONNER, U.S. DISTRICT JUDGE  
MIDDLE DISTRICT OF PENNSYLVANIA

Certified from the record

Date March 3, 2005

Mary E. D'Andrea, Clerk

Per   
Deputy Clerk3-1-05  
Date Signed

Defendant: JOHN HENRY WEAVER  
Case Number: 1:03-CR-337-02

Judgment - Page 2 of 8

### IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a term of Thirty-Six (36) Months.

[X] The court makes the following recommendations to the Bureau of Prisons:

The court recommends that a facility near Central Pennsylvania be designated as the place of confinement in order that the defendant might be near his family.

- [ ] The defendant is remanded to the custody of the United States Marshal.  
[ ] The defendant shall surrender to the United States Marshal for this district.

[ ] at \_\_\_\_\_ a.m./p.m. on \_\_\_\_\_  
[ ] as notified by the U.S. Marshal.

- [X] The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons,  
[X] before 2 p.m. on TUESDAY, MARCH 29, 2005.  
[ ] as notified by the United States Marshal.  
[ ] as notified by the probation office.

[X] The defendant is to contact the United States Marshal's Office no later than three days prior to the above date to be notified of the place of confinement.

### RETURN

I have executed this judgment as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_ at \_\_\_\_\_

\_\_\_\_\_, with a certified copy of this judgment.

\_\_\_\_\_  
United States Marshal

\_\_\_\_\_  
Deputy Marshal

Defendant: JOHN HENRY WEAVER  
Case Number: 1:03-CR-337-02

Judgment - Page 3 of 8

**SUPERVISED RELEASE**

Upon release from imprisonment, the defendant shall be on supervised release for a term of Two (2) Years.  
(See Page 5 for additional condition of supervised release.)

The defendant shall report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state, or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the court.

☒ [X] The above drug testing condition is suspended based on the court's determination that the defendant poses a low risk of future substance abuse. (Check, if applicable.)

☐ [ ] The defendant shall cooperate in the collection of DNA as directed by the probation officer. (Check, if applicable).

☐ [ ] The defendant shall register with the state sex offender registration agency in the state where the defendant resides, works, or is a student, as directed by the probation officer. (Check, if applicable).

☐ [ ] The defendant shall participate in an approved program for domestic violence. (Check, if applicable).

If this judgment imposes a fine or restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached pages.

**STANDARD CONDITIONS OF SUPERVISION**

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any narcotic or other controlled substance, or any paraphernalia related to such substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed or administered;

Defendant: JOHN HENRY WEAVER  
Case Number: 1:03-CR-337-02

Judgment - Page 4 of 8

**STANDARD CONDITIONS OF SUPERVISION CONTINUED**

- 9) the defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time a home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or special agent of a law enforcement agency without the permission of the court;
- 13) the defendant, as directed by the probation officer, shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.
- 14) the defendant shall refrain from possessing a firearm, destructive device, or other dangerous weapon.
- 15) the defendant shall participate in a program of testing and treatment for drug abuse, as directed by the Probation Office, until such time as you are released from the program by the Probation Officer.
- 16) the defendant shall notify the Court and U.S. Attorney's Office of any material change in the defendant's economic circumstances that might affect the defendant's ability to pay restitution, fines or special assessments.
- 17) the defendant shall not incur new credit charges or open additional lines of credit without the approval of the Probation Officer unless the defendant is in compliance with the installment schedule for payment of restitution, fines or special assessments.
- 18) the defendant shall provide the Probation Officer with access to any requested financial information.

Upon a finding of a violation of probation or supervised release, I understand that the court may (1) revoke supervision, (2) extend the term of supervision, and/or (3) modify the conditions of supervision.

These conditions have been read to me. I fully understand the conditions and have been provided a copy of them.

(Signed) \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
U.S. Probation Officer/Designated Witness

\_\_\_\_\_  
Date

Defendant: JOHN HENRY WEAVER  
Case Number: 1:03-CR-337-02

Judgment - Page 6 of 8

**CRIMINAL MONETARY PENALTIES**

The defendant shall pay the following total criminal monetary penalties in accordance with the schedule of payments set forth on Sheet 6.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
Totals:	\$ 100.00	\$ N/A	\$ 1,977,516.00

☐ The determination of restitution is deferred until \_\_\_\_\_. An Amended Judgment in a Criminal Case (AO 245 C) will be entered after such determination.

☒ The defendant shall make restitution (including community restitution) to the following payees in the amount listed below, to be applied to the E-Rate Program. Restitution is imposed jointly and severally with the cases of Ronald R. Morrett, Jr. (Docket No. 1:03-CR-337-01) and Mark Leshner (Docket No. 1:04-CR-321). No further payment shall be required after the sum of the amounts actually paid by each of the defendants have fully covered the compensable losses. The defendant is entitled to an offset against this restitution order for any funds recovered by the Universal Services Administrative Company and the Schools and Library Division of the Federal Communications Commission from petitions for remission and mitigation of forfeiture, which seek recovery of funds derived from assets forfeited by the defendant.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. 3664(i), all non federal victims must be paid in full prior to the United States receiving payment.

<u>NAME OF PAYEE</u>	<u>TOTAL LOSS</u>	<u>RESTITUTION ORDER</u>	<u>PRIORITY OF PERCENTAGE</u>
Universal Service Administrative Company 135 South LaSalle Street Department 1259 Chicago, IL 60674-1259		\$ 1,977,516.00	100%
<b>TOTALS</b>		<u>\$ 1,977,516.00</u>	

☐ Restitution amount ordered pursuant to plea agreement \$ \_\_\_\_\_.

☐ The defendant shall pay interest on any fine or restitution of more than \$2,500, unless the fine or restitution is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. 3612(f). All of the payment options on Sheet 6 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. 3612(g).

☒ The court determined that the defendant does not have the ability to pay interest, and it is ordered that:

☒ the interest requirement is waived for the ☐ fine ☒ restitution.

☐ the interest requirement for the ☐ fine ☐ restitution is modified as follows:

\* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18, United States Code, for offenses committed on or after September 13, 1994 but before April 23, 1996.

Defendant: JOHN HENRY WEAVER  
Case Number: 1:03-CR-337-02

Judgment - Page 7 of 8

### SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties shall be due as follows:

- A ☒ Lump sum payment of \$1,977,616.00 due immediately, balance due  
    ☐ not later than \_\_\_\_\_ or  
    ☐ in accordance with ☐ C, ☐ D, ☐ E ☒ F below; or
- B ☐ Payment to begin immediately (may be combined with ☐ C, ☐ D, or ☐ F below): or
- C ☐ Payment in equal \_\_\_\_\_ (e.g., weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ over a period of \_\_\_\_\_ (e.g., months or years), to commence \_\_\_\_\_ (e.g., 30 or 60 days) after the date of this judgment; or
- D ☐ Payment in equal \_\_\_\_\_ (e.g., weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ over a period of \_\_\_\_\_ (e.g., months or years), to commence \_\_\_\_\_ (e.g., 30 or 60 days) after release from imprisonment to a term of Supervision; or
- E ☐ Payment during the term of supervised release will commence within \_\_\_\_\_ (e.g., 30 or 60 days) after release from imprisonment. The Court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or
- F ☒ Special instructions regarding the payment of criminal monetary penalties:

The defendant shall pay any balance of the restitution imposed by this judgment which remains unpaid at the commencement of the term of supervised release in minimum monthly installments of no less than \$200.00, with any balance to be paid within two (2) years of release from custody.

Unless the court has expressly ordered otherwise in the special instruction above, if this judgment imposes a period of imprisonment payment of criminal monetary penalties shall be due during the period of imprisonment. All criminal monetary penalty payments are to be made to the Clerk, United States District Court, Middle District of Pennsylvania, 235 North Washington Ave. and Linden Street, Room 101, Post Office Box 1148, Scranton, Pa. 18501, except those payments made through the Bureau of Prisons' Inmate Financial Responsibility Program.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

#### ☒ Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

Defendant John Henry Weaver (Docket No. 1:03-CR-337-02) is ordered to make restitution in the amount of \$1,977,516.00 to the Universal Service Administrative Company and the Schools and Library Division of the Federal Communications Commission, to be applied to the E-Rate Program. Restitution is imposed jointly and severally with the cases of Ronald R. Morrett, Jr. (Docket No. 1:03-CR-337-01) and Mark Leshner (Docket No. 1:04-CR-321).

☐ The defendant shall pay the cost of prosecution.

☐ The defendant shall pay the following court cost(s):

☒ The defendant shall forfeit the defendant's interest in the following property to the United States:

(See Page 8 for list of assets to be forfeited by defendant.)

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.



U.S. v. John Henry Weaver  
1:03CR337-02

Assets to be forfeited by John Henry Weaver:

- (a) 2003 Chevrolet Trailblazer, VIN #1GNDT13S632186199;
- (b) 2003 Chevrolet Trailblazer; VIN #1GNET16S536146270;
- (c) 2003 Grady-White Boat, Serial No. NTLBN434A303;
- (d) United States currency in the amount of \$76,011.87 in lieu of real property located at 124 Skipjack Lane, White Horse Pike, Berlin, Maryland;
- (e) United States currency in the amount of \$15,344.10 in lieu of real property located at 1978 Church Road, York, Pennsylvania;
- (f) United States currency in the amount of \$9,940.26 in lieu of real property located at 46 North Clinton Street, York, Pennsylvania;
- (g) United States currency in the amount of \$115,000 in lieu of real Property located at 1910 Orange Street, York, Pennsylvania;
- (h) Real Property located at 144 Weldon Street, York, Pennsylvania;
- (i) An interest in a tavern doing business at 806 South Atlantic Avenue, Ocean City, Maryland under the name of "Red-Eyed Frog, Inc." ;
- (j) Real property located at 505 Penguin Drive, Ocean City, Maryland, a condominium;
- (k) 2002 Chevy Station Wagon, VIN1GNDX13E52D151834; and
- (l) including but not limited to approximately \$1,966,000 in United States currency, which constitutes proceeds derived directly or indirectly from the violations set forth in the felony Information.

APR-05-2005 TUE 03:00 PM FPC SCHUYLKILL, PA

FAX NO. 5705447296

P. 01

117-257-7593

DOCTU  
PAGE 001

PUBLIC INFORMATION  
INMATE DATA  
AS OF 04-05-2005

\* 04-05-2005  
\* 14:00:23

RECORD : 12216-067 NAME: WEAVER, JOHN HENRY

RECORD OF: DOB / DESIGNATED, AT ASSIGNED FACIL  
PHONE : 570-544-7100 FAX: 570-544-7350

PR: NUMBER :

PR: RES. MT: GOOD CONDUCT TIME RELEASE

PR: RES. DT: 11-07-2007

RACE/SEX : WHITE / MALE

DOB/AGE : 08-06-1948 / 56

PAR ELIG DT: N/A

PAR HEAR DT:

----- ADMIT/RELEASE HISTORY -----

ACT	ASSIGNMENT	DESCRIPTION	START DATE/TIME	STOP DATE/TIME
DOH	A DES	DESIGNATED, AT ASSIGNED FACIL	03-29-2005 1122	CURRENT
REL	RELEASE	RELEASED FROM IN-TRANSIT FACIL	03-29-2005 1122	03-29-2005 1122
ADM	A-ADMIT	ADMITTED TO AN IN-TRANSIT FACIL	03-18-2005 0605	03-29-2005 1122
ADM	ADMIN REL	ADMINISTRATIVE RELEASE	03-18-2005 0605	03-18-2005 0605
ADM	A ADMIN	ADMINISTRATIVE ADMISSION	03-18-2005 0600	03-18-2005 0605

4000 ?

MORE PAGES TO FOLLOW . . .



INFILE  
PAGE 001 OF 004PUBLIC INFORMATION  
INMATE DATA  
AS OF 04-05-200504-05-2005  
14:00:23

RECNO.: 12716-067 NAME: WEAVER, JOHN HENRY

HEAD OF: SCH / DESIGNATED, AT ASSIGNED FACIL  
PHONE.: 570-544-7100 FAX: 570-544-7350

-----CURRENT COMPUTATION NO: 010 -----

COMPUTATION 010 WAS LAST UPDATED ON 04-05-2005 AT SCH AUTOMATICALLY

THE FOLLOWING JUDGMENTS, WARRANTS AND OBLIGATIONS ARE INCLUDED IN  
CURRENT COMPUTATION 010: 010 010DATE COMPUTATION BEGAN.....: 03-29-2005  
TOTAL TERM IN EFFECT.....: 36 MONTHS  
TOTAL TERM IN EFFECT CONVERTED...: 3 YEARS  
EARLIEST DATE OF OFFENSE.....: 04-01-2003DATE CREDIT.....: FROM DATE THRU DATE  
12-18-2003 12-18-2003TOTAL PRIOR CREDIT TIME.....: 1  
TOTAL INOPERATIVE TIME.....: 0  
TOTAL GCT EARNED AND PROJECTED...: 141  
TOTAL GCT EARNED.....: 0  
STATUTORY RELEASE DATE PROJECTED: 11-07-2007  
SIX MONTH / 10% DATE.....: N/A  
EXPIRATION FULL TERM DATE.....: 03-27-2008PROJECTED SATISFACTION DATE.....: 11-07-2007  
PROJECTED SATISFACTION METHOD...: GCT REL.

00000 TRANSACTION SUCCESSFULLY COMPLETED

SCITE  
PAGE 007PUBLIC INFORMATION  
INMATE DATA  
AS OF 04-05-200504-05-2005  
14:00:23

PRG No.: 12216-067 NAME: WEAVER, JOHN HENRY

RESP OF: SCH / DESIGNATED, AT ASSIGNED FACIL.  
PHONE.: 570-544-7100 FAX: 570-544-7350

PRE RELEASE PREPARATION DATE: 08-05-2007

THE FOLLOWING SENTENCE DATA IS FOR THE INMATE'S CURRENT COMMITMENT.  
THE INMATE IS PROJECTED FOR RELEASE: 11-07-2007 VIA COT REL

-----CURRENT JUDGMENT/WARRANT NO: 010-----

COURT OF JURISDICTION..... PENNSYLVANIA, MIDDLE DISTRICT  
DOCKET NUMBER..... 1:03-CR-337-02  
JUDGE..... CONNER  
DATE SENTENCED/PROBATION IMPOSED: 03-01-2005  
DATE COMMITTED..... 03-29-2005  
HOW COMMITTED..... US DISTRICT COURT COMMITMENT  
PROBATION IMPOSED..... NO

	FELONY ASSESS	MISDMNR ASSESS	FINES	COSTS
HOW COMMITTED:	\$100.00	\$00.00	\$00.00	\$00.00

PENITENTIARY... PROPERTY: NO SERVICES: NO AMOUNT: \$1,977,516.00

-----CURRENT OBLIGATION NO: 010-----

OFFENSE CODE..... 153  
OFFENSE: 18 USC 371 CONSPIRACY TO ENGAGE IN BRIBERY IN A FEDERALLY  
FUNDED PROGRAM; 18 USC 2385 CRIMINAL FORFEITURESENTENCE PROCEDURE..... 3559 FLRA SENTENCE  
SENTENCE IMPOSED/TIME TO SERVE.: 36 MONTHS  
TERM OF SUPERVISION..... 2 YEARS  
DATE OF OFFENSE..... 04-01-2003

LOGS: MORE PAGES TO FOLLOW . . .

**ATTACHMENT**  
**23**

UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA

VS.

RONALD R. MORRETT, JR.

JUDGMENT IN A CRIMINAL CASE

CASE NUMBER: 1:03-CR-337-01

USM NUMBER: 12217-067

Sarita Kedia, Esq., and Brian W. Perry, Esq.

Defendant's Attorney

THE DEFENDANT:

[X] pleaded guilty to count(s) I of Information.

[ ] pleaded nolo contendere to count(s) \_\_\_\_\_

which (was)(were) accepted by the court.

[ ] was found guilty on count(s) \_\_\_\_\_ after a plea of not guilty.

FILED  
HARRISBURG, PA

MAY 16 2005

MARY E. D'ANDREA, CLERK  
Per [Signature]  
Deputy Clerk

ACCORDINGLY, the court has adjudicated that the defendant is guilty of the following offense(s):

Title/Section	Nature of Offense	Date Offense Concluded	Count Number(s)
18:371	Conspiracy to Engage in Bribery in a Federally Funded Program	April 2003	1

The defendant is sentenced as provided in pages 2 through 7 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

[ ] The defendant has been found not guilty on count(s) \_\_\_\_\_.

[ ] Count(s) \_\_\_\_\_ (is)(are) dismissed on the motion of the United States.

IT IS FURTHER ORDERED that the defendant shall notify the United States Attorney for this district within 30 days of any change of name, residence or, mailing address until all fines, restitution, costs and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant shall notify the court and United States Attorney of any material change in the defendant's economic circumstances.

May 16, 2005

Date of Imposition of Sentence

[Signature]

CHRISTOPHER C. CONNER, U.S. DISTRICT JUDGE  
MIDDLE DISTRICT OF PENNSYLVANIA

Certified from the record

Date May 16, 2005

Mary E. D'Andrea, Clerk

Per [Signature]  
Deputy Clerk

5/16/05  
Date Signed

AO 245 B (Rev. 12/03) Judgment in a Criminal Case, Sheet 2 - Imprisonment

Defendant: RONALD R. MORRETT, JR.  
Case Number: 1:03-CR-337-01

Judgment - Page 2 of 7

### IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a term of Thirty-six (36) Months.

[X] The court makes the following recommendations to the Bureau of Prisons:

*strongly (cc) 5/16/05*  
The court recommends that the defendant be considered for eligibility and placement in the Bureau of Prisons' 500 hour comprehensive drug abuse treatment program.

The court also recommends that a facility near defendant's family be designated as the place of confinement.

- [ ] The defendant is remanded to the custody of the United States Marshal.  
[ ] The defendant shall surrender to the United States Marshal for this district.

[ ] at \_\_\_\_\_ a.m./p.m. on \_\_\_\_\_,  
[ ] as notified by the U.S. Marshal.

[X] The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons,

[X] before 2 p.m. on WEDNESDAY, AUGUST 3, 2005.

[ ] as notified by the United States Marshal.

[ ] as notified by the probation office.

[x] The defendant is to contact the United States Marshal's Office no later than three days prior to the above date to be notified of the place of confinement.

### RETURN

I have executed this judgment as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_ at \_\_\_\_\_

\_\_\_\_\_, with a certified copy of this judgment.

\_\_\_\_\_  
United States Marshal

\_\_\_\_\_  
Deputy Marshal

AO 245 B (Rev. 12/03) Judgment in a Criminal Case, Sheet 3 - Supervised Release

Defendant: RONALD R. MORRETT, JR.  
Case Number: 1:03-CR-337-01

Judgment - Page 3 of 7

**SUPERVISED RELEASE**

Upon release from imprisonment, the defendant shall be on supervised release for a term of Two (2) Years.  
(See Page 5 for additional condition of release.)

The defendant shall report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state, or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the court.

[ ] The above drug testing condition is suspended based on the court's determination that the defendant poses a low risk of future substance abuse. (Check, if applicable.)

[X] The defendant shall cooperate in the collection of DNA as directed by the probation officer. (Check, if applicable.)

[ ] The defendant shall register with the state sex offender registration agency in the state where the defendant resides, works, or is a student, as directed by the probation officer. (Check, if applicable.)

[ ] The defendant shall participate in an approved program for domestic violence. (Check, if applicable.)

If this judgment imposes a fine or restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached pages.

**STANDARD CONDITIONS OF SUPERVISION**

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any narcotic or other controlled substance, or any paraphernalia related to such substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed or administered;

AO 245 B (Rev. 12/03) Judgment in a Criminal Case, Sheet 3 - Supervised Release

Defendant: RONALD R. MORRETT, JR.  
Case Number: 1:03-CR-337-01

Judgment - Page 4 of 7

**STANDARD CONDITIONS OF SUPERVISION CONTINUED**

- 9) the defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time a home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or special agent of a law enforcement agency without the permission of the court;
- 13) the defendant, as directed by the probation officer, shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.
- 14) the defendant shall refrain from possessing a firearm, destructive device, or other dangerous weapon.
- 15) the defendant shall participate in a program of testing and treatment for drug abuse, as directed by the Probation Office, until such time as you are released from the program by the Probation Officer.
- 16) the defendant shall notify the Court and U.S. Attorney's Office of any material change in the defendant's economic circumstances that might affect the defendant's ability to pay restitution, fines or special assessments.
- 17) the defendant shall not incur new credit charges or open additional lines of credit without the approval of the Probation Officer unless the defendant is in compliance with the installment schedule for payment of restitution, fines or special assessments.
- 18) the defendant shall provide the Probation Officer with access to any requested financial information.

Upon a finding of a violation of probation or supervised release, I understand that the court may (1) revoke supervision, (2) extend the term of supervision, and/or (3) modify the conditions of supervision.

These conditions have been read to me. I fully understand the conditions and have been provided a copy of them.

(Signed) \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
U.S. Probation Officer/Designated Witness

\_\_\_\_\_  
Date

AO 245 B (Rev. 12/03) Judgment in a Criminal Case, Sheet 4 Probation

---

Defendant: RONALD R. MORRETT, JR.  
Case Number: 1:03-CR-337-01

Judgment - Page 5 of 7

**ADDITIONAL CONDITIONS OF SUPERVISION**

The defendant shall pay any balance of the restitution imposed by this judgment which remains unpaid at the commencement of the term of supervised release in minimum monthly installments of no less than \$200.00.



AO 245 B (Rev. 12/03) Judgment in a Criminal Case, Sheet 5 - Criminal Monetary Penalties

Defendant: RONALD R. MORRETT, JR.  
Case Number: 1:03-CR-337-01

Judgment - Page 6 of 7

**CRIMINAL MONETARY PENALTIES**

The defendant shall pay the following total criminal monetary penalties in accordance with the schedule of payments set forth on Sheet 6.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
<b>Totals:</b>	<b>\$ 100.00</b>	<b>\$ N/A</b>	<b>\$ 1,977,516.00</b>

☐ The determination of restitution is deferred until \_\_\_\_\_. An Amended Judgment in a Criminal Case (AO 245 C) will be entered after such determination.

☒ The defendant shall make restitution (including community restitution) to the following payees in the amount listed below, to be applied to the E-Rate Program. Restitution is imposed jointly and severally with the cases of John Henry Weaver (Docket No. 1:03-CR-337-02) and Mark Leshner (Docket No. 1:04-CR-321). No further payment shall be required after the sum of the amounts actually paid by all defendants have fully covered the compensable losses.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. 3664(i), all non federal victims must be paid in full prior to the United States receiving payment.

<u>NAME OF PAYEE</u>	<u>TOTAL LOSS</u>	<u>RESTITUTION ORDER</u>	<u>PRIORITY OF PERCENTAGE</u>
Universal Service Administrative Company 135 South LaSalle Street Department 1259 Chicago, IL 60674-1259		\$1,977,516.00	100%

**TOTALS** \$ 1,977,516.00

☐ Restitution amount ordered pursuant to plea agreement \$ \_\_\_\_\_.

☐ The defendant shall pay interest on any fine or restitution of more than \$2,500, unless the fine or restitution is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. 3612(f). All of the payment options on Sheet 6 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. 3612(g).

☒ The court determined that the defendant does not have the ability to pay interest, and it is ordered that:

☒ the interest requirement is waived for the ☐ fine ☒ restitution.

☐ the interest requirement for the ☐ fine ☐ restitution is modified as follows:

\* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18, United States Code, for offenses committed on or after September 13, 1994 but before April 23, 1996.

AO 245 B (Rev. 12/03) Judgment in a Criminal Case, Sheet 6, Part B-Financial Penalties

Defendant: RONALD R. MORRETT, JR.  
Case Number: 1:03-CR-337-01

Judgment - Page 7 of 7

**SCHEDULE OF PAYMENTS**

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties shall be due as follows:

A ☒ Lump sum payment of \$ 1,977,616.00 due immediately, balance due

☐ not later than \_\_\_\_\_ or

☐ in accordance with ☐ C, ☐ D, ☐ E ☒ F below; or

B ☐ Payment to begin immediately (may be combined with ☐ C, ☐ D, or ☐ F below): or

C ☐ Payment in equal \_\_\_\_\_ (e.g., weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ over a period of \_\_\_\_\_ (e.g., months or years), to commence \_\_\_\_\_ (e.g., 30 or 60 days) after the date of this judgment; or

D ☐ Payment in equal \_\_\_\_\_ (e.g., weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ over a period of \_\_\_\_\_ (e.g., months or years), to commence \_\_\_\_\_ (e.g., 30 or 60 days) after release from imprisonment to a term of supervision; or

E ☐ Payment during the term of supervised release will commence within \_\_\_\_\_ (e.g., 30 or 60 days) after release from imprisonment. The Court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or

F ☒ Special instructions regarding the payment of criminal monetary penalties:

The defendant shall pay any balance of the restitution imposed by this judgment which remains unpaid at the commencement of the term of supervised release in minimum monthly installments of no less than \$200.00, with any balance to be paid within two (2) years of release from custody.

Unless the court has expressly ordered otherwise in the special instruction above, if this judgment imposes a period of imprisonment payment of criminal monetary penalties shall be due during the period of imprisonment. All criminal monetary penalty payments are to be made to the Clerk, United States District Court, Middle District of Pennsylvania, 235 North Washington Ave. and Linden Street, Room 101, Post Office Box 1148, Scranton, Pa. 18501, except those payments made through the Bureau of Prisons' Inmate Financial Responsibility Program.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

**☒ Joint and Several**

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

Defendant Ronald R. Morrett, Jr. (Docket No. 1:03-CR-337-01) is ordered to make restitution in the amount of \$1,977,516.00 to the Universal Service Administrative Company. Restitution is imposed jointly and severally with the cases of John Henry Weaver (Docket No. 1:03-CR-337-02) and Mark Leshner (Docket No. 1:04-CR-321).

☐ The defendant shall pay the cost of prosecution.

☐ The defendant shall pay the following court cost(s):

☐ The defendant shall forfeit the defendant's interest in the following property to the United States:

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

**ATTACHMENT**  
**24**



AO 245 B (Rev. 12/03) Judgment in a Criminal Case, Sheet 2 - Imprisonment

Defendant: MARK LESHER  
Case Number: 1:04-CR-0321

Judgment - Page 2 of 7

### IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a term of Sixteen (16) Months.

[X] The court makes the following recommendations to the Bureau of Prisons:

The court recommends that a facility near Harrisburg, PA, be designated as the place of confinement, in order that defendant might be near his family.

- ☐ The defendant is remanded to the custody of the United States Marshal.  
☐ The defendant shall surrender to the United States Marshal for this district.

☐ at \_\_\_\_\_ a.m./p.m. on \_\_\_\_\_.  
☐ as notified by the U.S. Marshal.

[X] The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons,

☒ before 2 p.m. on TUESDAY, MAY 24, 2005.

☐ as notified by the United States Marshal.

☐ as notified by the probation office.

☒ The defendant is to contact the United States Marshal's Office no later than three days prior to the above date to be notified of the place of confinement.

### RETURN

I have executed this judgment as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_ at \_\_\_\_\_

\_\_\_\_\_, with a certified copy of this judgment.

\_\_\_\_\_  
United States Marshal

\_\_\_\_\_  
Deputy Marshal

AO 245 B (Rev. 12/03) Judgment in a Criminal Case, Sheet 3 - Supervised Release

Defendant: MARK LESHER

Judgment - Page 3 of 7

Case Number: 1:04-CR-0321

**SUPERVISED RELEASE**

Upon release from imprisonment, the defendant shall be on supervised release for a term of Two (2) Years.  
(See Page 5 for additional conditions of supervised release.)

The defendant shall report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state, or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the court.

☐ The above drug testing condition is suspended based on the court's determination that the defendant poses a low risk of future substance abuse. (Check, if applicable.)

☒ The defendant shall cooperate in the collection of DNA as directed by the probation officer. (Check, if applicable).

☐ The defendant shall register with the state sex offender registration agency in the state where the defendant resides, works, or is a student, as directed by the probation officer. (Check, if applicable).

☐ The defendant shall participate in an approved program for domestic violence. (Check, if applicable).

If this judgment imposes a fine or restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached pages.

**STANDARD CONDITIONS OF SUPERVISION**

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any narcotic or other controlled substance, or any paraphernalia related to such substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed or administered;



AO 245 B (Rev. 12/03) Judgment in a Criminal Case, Sheet 3 - Supervised Release

Defendant: MARK LESHER  
Case Number: 1:04-CR-0321

Judgment - Page 4 of 7

**STANDARD CONDITIONS OF SUPERVISION CONTINUED**

- 9) the defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time a home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or special agent of a law enforcement agency without the permission of the court;
- 13) the defendant, as directed by the probation officer, shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.
- 14) the defendant shall refrain from possessing a firearm, destructive device, or other dangerous weapon.
- 15) the defendant shall participate in a program of testing and treatment for drug abuse, as directed by the Probation Office, until such time as you are released from the program by the Probation Officer.
- 16) the defendant shall notify the Court and U.S. Attorney's Office of any material change in the defendant's economic circumstances that might affect the defendant's ability to pay restitution, fines or special assessments.
- 17) the defendant shall not incur new credit charges or open additional lines of credit without the approval of the Probation Officer unless the defendant is in compliance with the installment schedule for payment of restitution, fines or special assessments.
- 18) the defendant shall provide the Probation Officer with access to any requested financial information.

Upon a finding of a violation of probation or supervised release, I understand that the court may (1) revoke supervision, (2) extend the term of supervision, and/or (3) modify the conditions of supervision.

These conditions have been read to me. I fully understand the conditions and have been provided a copy of them.

(Signed) \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
U.S. Probation Officer/Designated Witness

\_\_\_\_\_  
Date

AO 245 B (Rev. 12/03) Judgment in a Criminal Case, Sheet 4 Probation

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Defendant: MARK LESHER  
Case Number: 1:04-CR-0321

Judgment - Page 5 of 7

**ADDITIONAL CONDITIONS OF SUPERVISION**

The defendant shall pay any balance of the restitution fine imposed by this judgment which remains unpaid at the commencement of the term of supervised release in minimum monthly installments of no less than \$150.00.



## AO 245 B (Rev. 12/03) Judgment in a Criminal Case, Sheet 5 - Criminal Monetary Penalties

Defendant: MARK LESHER  
Case Number: 1:04-CR-0321

Judgment - Page 6 of 7

**CRIMINAL MONETARY PENALTIES**

The defendant shall pay the following total criminal monetary penalties in accordance with the schedule of payments set forth on Sheet 6.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
<b>Totals:</b>	<b>\$ 100.00</b>	<b>\$ N/A</b>	<b>\$ 187,440.12</b>

☐ The determination of restitution is deferred until \_\_\_\_\_. An Amended Judgment in a Criminal Case (AO 245 C) will be entered after such determination.

☒ The defendant shall make restitution (including community restitution) to the following payees in the amount listed below. Restitution is imposed jointly and severally with the cases of Ronald R. Morrett, Jr., (Docket No. 1:03-CR-337-01) and John Henry Weaver (Docket No. 1:03-CR-337-02). No further payment shall be required after the sum of the amounts actually paid by each of the defendants have fully covered the compensable losses.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. 3664(i), all non federal victims must be paid in full prior to the United States receiving payment.

<u>NAME OF PAYEE</u>	<u>TOTAL LOSS</u>	<u>RESTITUTION ORDER</u>	<u>PRIORITY OF PERCENTAGE</u>
Universal Service Administrative Company 135 South LaSalle Street Department 1259 Chicago, IL 60674-1259		\$ 187,440.12	100%
<b>TOTALS</b>		<u><b>\$ 187,440.12</b></u>	

☐ Restitution amount ordered pursuant to plea agreement \$\_\_\_\_\_.

☐ The defendant shall pay interest on any fine or restitution of more than \$2,500, unless the fine or restitution is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. 3612(f). All of the payment options on Sheet 6 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. 3612(g).

☒ The court determined that the defendant does not have the ability to pay interest, and it is ordered that:

☒ the interest requirement is waived for the ☐ fine ☒ restitution.

☐ the interest requirement for the ☐ fine ☐ restitution is modified as follows:

\* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18, United States Code, for offenses committed on or after September 13, 1994 but before April 23, 1996.

AO 245 B (Rev. 12/03) Judgment in a Criminal Case, Sheet 6, Part B-Financial Penalties

Defendant: MARK LESHER  
Case Number: 1:04-CR-0321

Judgment - Page 7 of 7

**SCHEDULE OF PAYMENTS**

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties shall be due as follows:

A ☒ Lump sum payment of \$187,540.12 due immediately, balance due

☐ not later than \_\_\_\_\_ or

☐ in accordance with ☐ C, ☐ D, ☐ E ☐ F below; or

B ☐ Payment to begin immediately (may be combined with ☐ C, ☐ D, or ☒ F below): or

C ☐ Payment in equal \_\_\_\_\_ (e.g., weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ over a period of \_\_\_\_\_ (e.g., months or years), to commence \_\_\_\_\_ (e.g., 30 or 60 days) after the date of this judgment; or

D ☐ Payment in equal \_\_\_\_\_ (e.g., weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ over a period of \_\_\_\_\_ (e.g., months or years), to commence \_\_\_\_\_ (e.g., 30 or 60 days) after release from imprisonment to a term of Supervision; or

E ☐ Payment during the term of supervised release will commence within \_\_\_\_\_ (e.g., 30 or 60 days) after release from imprisonment. The Court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or

F ☒ Special instructions regarding the payment of criminal monetary penalties:

The defendant shall pay any balance of the restitution imposed by this judgment which remains unpaid at the commencement of the term of supervised release in minimum monthly installments of no less than \$150.00, with any balance to be paid within two (2) years of release from custody.

Unless the court has expressly ordered otherwise in the special instruction above, if this judgment imposes a period of imprisonment payment of criminal monetary penalties shall be due during the period of imprisonment. All criminal monetary penalty payments are to be made to the Clerk, United States District Court, Middle District of Pennsylvania, 235 North Washington Ave. and Linden Street, Room 101, Post Office Box 1148, Scranton, Pa. 18501, except those payments made through the Bureau of Prisons' Inmate Financial Responsibility Program.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

**☒ Joint and Several**

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

Defendant Mark Leshar (Docket No. 1:04-CR-321) is ordered to make restitution in the amount of \$187,440.12 to the Universal Service Administrative Company at the address set forth in the presentence report (see Page 6). Restitution is imposed jointly and severally with the cases of Ronald R. Morrett, Jr. (Docket No. 1:03-CR-337-01) and John Henry Weaver (Docket No. 1:03-CR-337-02). No further payment shall be required after the sum of the amounts actually paid by each of the defendants have fully covered the compensable losses.

☐ The defendant shall pay the cost of prosecution.

☐ The defendant shall pay the following court cost(s):

☒ The defendant shall forfeit the defendant's interest in the following property to the United States:

The property identified in Count II of the Information, filed 9/24/04, including but not limited to a 1997 Cadillac limousine, VIN #1GEEH 90YXVU700348.

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

**ATTACHMENT**  
**25**



**HARRISBURG SCHOOL DISTRICT**  
2101 North Front Street • Harrisburg, PA 17110  
(717) 703-4026 • FAX (717) 703-4127

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**BUSINESS SERVICES**

**March 29, 2004**

**Mr. George McDonald**  
Vice President  
Schools and Libraries Division  
Universal Service Administrative Company  
2000 L Street, N.W., Suite 200  
Washington, D.C. 20036

**Dear Mr. McDonald:**

I am writing this letter on behalf of the Harrisburg School District to respond to three specific questions that the Schools and Libraries Division has posed, via a telephone conversation between Mick Kraft and Julie Tritt Schell, on March 24, 2004, regarding the District's E-rate matters since the criminal charges were announced.

The questions conveyed from the SLD, as I understand them are:

1. In light of the criminal prosecution of the HSD's former technology director and one of the District's E-rate vendors, what steps has the District taken in order to cooperate with the SLD regarding these developments?
2. What steps has the District undertaken, or is in the process of undertaking, to investigate internally the District's E-rate procurement and compliance?
3. What steps has the District taken to insure that this situation does not happen again?

The Harrisburg City School District was taken over by Harrisburg City Mayor, Steve Reed, in 2001. A Board of Control was established to oversee the District and a new superintendent, Dr. Gerald Kohn, and me as business administrator were hired to begin the process of rebuilding the District. E-rate was a task that had always rested with John Weaver, our former technology director, and in recent years an E-rate consulting firm named E-rate Consulting, Inc. Because we had no reason to doubt Mr. Weaver's abilities or intentions, this responsibility remained with him after the new management was hired.

As soon as Dr. Kohn and I learned of the potential wrong-doings, we brought the E-rate responsibilities into the business office, fired the former E-rate consultants and hired what we believe are two of the top E-rate consultants in the country both for their knowledge of the E-rate process but also their reputations for honesty and integrity. Our instructions to them were simple: salvage the previous years' E-rate funding that is legitimate, ensure that this and future years' applications are above reproach, and restore our reputation with the SLD.

As soon as the District became aware of the criminal prosecutions of Mr. John Weaver and the President of EMO Communications, Inc., the District's representatives--Julie Tritt Schell

and Debra Kriete—contacted George McDonald on December 8, 2003 to inform you of the criminal charges and explain how E-rate was involved. Specifically, they explained that Mr. Weaver had completed a Form 471 application that was funded by the SLD, and which identified numerous laptop servers that EMO was supposed to provide to the District. In fact, no laptops were ever provided to the District by EMO, and the laptops apparently were not intended to operate as servers. In June 2003, when the District first discovered that the laptops were not delivered, the District immediately contacted local and federal law enforcement authorities and fully participated in their investigations. In addition, the District terminated the employment of John Weaver in June 2003.

Also during the December 8, 2003 conversation, Ms. Tritt Schell and Ms. Kriete requested you to stop issuing any and all payments to EMO that may be pending.

On December 10, 2003, Ms. Tritt Schell contacted the SLD's Director of Internal Audits, Ray Mendiola, to inform him of the Weaver/EMO criminal prosecution and charges. She faxed him a copy of the press release and other public materials that the U.S. Attorney for the Middle District of Pennsylvania had issued in connection with the Weaver/EMO prosecution, and provided my contact information to him. She informed him that the District fully cooperated with the FBI's investigation, and that we wanted to work with the SLD's investigation as well. Mr. Mendiola was pleased to learn of the District's willingness to cooperate, and advised that the SLD would later contact the SLD.

Ms. Tritt Schell and Ms. Kriete also discovered that the District's former E-rate consultants were former PIA reviewers, and apparently also were involved with preparing the Form 471 application containing the EMO FRN for the 1000 laptop computers. While the FRN initially was denied by the SLD, the former consultants prepared an appeal that the SLD approved. Ms. Tritt Schell conveyed this information to Mr. Mendiola, in mid-December 2003, including the names of the consultants, and again emphasized that the District was eager to cooperate with the SLD.

On January 16, 2004, Ms. Tritt Schell was speaking with Merry Lawhead on another matter, and raised the Harrisburg SD investigation. She informed Ms. Lawhead that she and Debra Kriete were the District's new E-rate consultants and were eager to assist the SLD with their investigation in any way possible. Merry informed Ms. Tritt Schell that she could not discuss the case and that if SLD had any questions, SLD would contact the District.

In addition, the District retained Ms. Tritt Schell and Ms. Kriete to serve as the District's new E-rate consultants. Under their guidance, the District is in the process of establishing and implementing a full E-rate compliance plan to assure that prospective applications and forms submitted on behalf of the District meet all program requirements, and will be able to pass the intensive scrutiny that the District anticipated SLD would perform, following the Weaver/EMO announcement.

Ms. Tritt Schell and Ms. Kriete have been retained for Funding Years 2002, 2003 and 2004 (E-rate years 5, 6 and 7). They were requested to scrutinize all approved and pending FRNs for years 5 and 6, to confirm whether the FRNs were fully supported by the District's documentation and in compliance with program rules.

- ✓ In fact, the District canceled one FRN for FY 2003 following the consultants' review and determination that the District had not completed the procurement for the FRN, and canceled EMO FRNs that were pending approval. In fact, when Loren Messina of the SLD's PIA review team contacted the District requesting additional information regarding the EMO FRNs in order to process the applications, we informed her on two separate occasions that there was an active SLD investigation into EMO and that we

suggested she contact Ray Mendiola before proceeding with the processing of those FRNs.

- ✓ The consultants have fastidiously worked with Mick Kraft to confirm that various service provider invoices are accurate and legitimate and that various FRN service certification requests are properly documented relating to eligible equipment and services provided by Avaya, Inc. during FY 2002.
- ✓ The consultants have worked to seek the approval of FY 2003 FRNs relating to maintenance service requests and have voluntarily reduced the requested amount due to the uncovering of certain ineligible products covered under our maintenance contracts.

For Funding Year 2004, the District has prepared and issued comprehensive Requests for Proposals for almost all E-rate requests to ensure a fair and open competitive bidding process.

Ms. Tritt Schell and Ms. Kriete are also tasked with the responsibility of implementing a comprehensive E-rate Compliance Plan that includes, but is not limited to:

- ✓ Preparation of a written RFP for any new technology procurements for priority 2 services.
- ✓ Detailed review of prior invoices and SPIFs to assure program compliance.
- ✓ Research and validation of all FRNs for FY 2002, 2003 and 2004.
- ✓ Ongoing advice and instruction to the District on appropriate documentation and recordkeeping responsibilities.
- ✓ Advice and instruction to all District E-rate vendors regarding the documentation and records that the District requires its vendors to present to the District concerning all invoices and requests for payments from either the District or from the SLD.

In conclusion, the District has contacted SLD management on four separate occasions to provide information and/or to confirm the District's willingness to cooperate with and respond to any questions from the SLD. The District has retained two experts to assist in our E-rate compliance, and we have taken steps to confirm that all procurements are legitimate, competitive and necessary.

We look forward to working with the SLD regarding their investigation and to assure you that we are working hard to regain our reputation with the SLD. Please do not hesitate to contact me if you have any questions.

Respectfully,



William Gretton, III  
Business Administrator

Cc: Julie Tritt-Schell  
Debra Kriete

**ATTACHMENT**  
**26**



**Harrisburg City School District  
Detail Exception Worksheet # 1  
Funding Year 2001**

**Background:**

Internal connections are components located at the applicant site that are necessary to transport information to classrooms, publicly accessible rooms of a library, and to eligible administrative areas or buildings. Internal Connections include connections within, between or among instructional buildings that comprise a school campus or library branch, but do not include services that extend beyond the school campus or library branch.

**Condition:**

We verified with SLD, whether or not the laptop servers as used by Harrisburg City School District were considered eligible for E-rate support.

**Finding:**

Harrisburg City School District's Funding Year 2001 FCC Form 471, number 256221, requested \$6,989,500 in pre-discount funding for the purchase of 875 terminal servers, installation and maintenance. Upon arriving at Harrisburg City School District's offices, we learned that the servers were laptop computers. These laptops were issued to teachers and were to be used to connect the student computers in the classrooms to the internet. Software was installed on the laptop servers that would allow the teachers to monitor the students' activities on their computers in the classrooms.

Harrisburg City School District provided us with an inventory of 768 laptop servers and delivery confirmations for 787. According the School District, all servers that were received through Funding Year 2001 E-rate funding were documented on the inventory list. During our equipment inventory we selected 4 schools and physically verified 147, 19%, of the laptop servers on the district's inventory.

The Eligible Services List for Funding Year 2001 states that:

*Laptop computers are eligible for discount only if they are used as an eligible server.*

Under SLD's definition: if an end user is operating the equipment, it does not qualify as an eligible server, and is therefore, ineligible. We determined that Harrisburg City School District received 787 laptop servers, totaling \$1,250,373.91, that were ineligible for E-rate funding.

**Governing Regulation:**

For use by the Internal Audit Department

Audit Report

Oral Comment

Exception Waived

☐☐☐



**Applicant Response:**

**Management's Comments:**

For use by the Internal Audit Department

Audit Report

☐

Oral Comment

☐

Exception Waived

☐

**ATTACHMENT**  
**27**

IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA  
HARRISBURG DIVISION

UNITED STATES OF AMERICA, : CASE NO.  
Plaintiff : 1:03-CR-00337-02  
vs. :  
JOHN HENRY WEAVER, : Harrisburg, PA  
Defendant : 1 March 2005  
.....: 11:00 a.m.

TRANSCRIPT OF SENTENCING HEARING  
BEFORE THE HONORABLE CHRISTOPHER C. CONNER  
UNITED STATES DISTRICT JUDGE

APPEARANCES:

For the Plaintiff:

Martin C. Carlson, Esq., AUSA  
U.S. Attorney's Office  
Federal Building, 2nd Floor  
228 Walnut Street  
Harrisburg, PA 17108  
(717) 221-4482

**COPY**

For the Defendant:

Gerald A. Lord, Esq.  
Miller, Poole & Lord, L.L.P.  
139 East Philadelphia Street  
York, PA 17403  
(717) 845-1524

Court Reporter:

Wesley J. Armstrong, RMR  
Official Court Reporter  
U.S. Courthouse  
228 Walnut Street  
Harrisburg, PA 17108  
(717) 542-5569

1 the independent purposes of forfeiture and  
2 restitution. Property is subject to forfeiture  
3 under federal law when it has been used in or  
4 somehow derived from criminal activities. The  
5 title of forfeited property passes to the United  
6 States and not to the victims of the offense,  
7 and I refer counsel to Title 18 of the United  
8 States Code, Section 982, and Title 21 of the  
9 United States Code, Section 853.

10 In contrast, restitution provides a means  
11 by which the court can assure full compensation  
12 to individuals victimized by the offense.  
13 Unlike forfeiture, an order of restitution  
14 generally directs money to be paid directly to  
15 the victims of the offense. An order remains  
16 effective until payments have been made in full.  
17 In this particular case based upon Mr. Carlson's  
18 representations, the court finds that the victim  
19 in this case is the E-Rate program, and they  
20 will be deemed the beneficiary of our  
21 restitution order.

22 We also note and agree that the defendant  
23 is entitled to an offset against the restitution  
24 order for any funds recovered by the federal  
25 program through petitions for remission and

1 mitigation of forfeiture, those petitions which  
2 seek recovery of funds derived from assets  
3 forfeited by the defendant. The defendant does  
4 not dispute that the total loss in this case is  
5 \$1,977,516, and the court will order restitution  
6 in the total, in that total amount.

7 The federal agency involved is the E-Rate  
8 program administered by the Universal Services  
9 Administration, and the schools and library  
10 division of the Federal Communications  
11 Commission, and this is the agency that is  
12 entitled to full restitution. So the  
13 defendant's objections are denied with respect  
14 to the restitution issue.

15 The court accepts with the exception about  
16 the identity of the victim of the offense,  
17 and by that I mean the 11 percent that in the  
18 presentence report was intended initially for  
19 the Harrisburg School District, with respect  
20 to that change we adopt the findings in the  
21 presentence report. The defendant's offense  
22 level is 25, his criminal history category is 1,  
23 and the guideline imprisonment range is 57 to 60  
24 months, with the upper end mandated by the  
25 statutory maximum. Having made those findings

**ATTACHMENT**  
**28**

Debra Kriete  
HARRISBURG CITY SCHOOL DIST  
510 N. 3rd St.  
Harrisburg, PA 17101

**Notification of Improperly Disbursed Funds Letter**

**Funding Year 2001: 7/01/2001 - 6/30/2002**

September 20, 2007

**John Weaver  
HARRISBURG CITY SCHOOL DIST  
1201 N 6TH ST  
HARRISBURG, PA 17102**

**Re: Form 471 Application Number: 256221  
Funding Year: 2001  
Applicant's Form Identifier: Harrisburgs-Servers  
Billed Entity Number: 125727  
FCC Registration Number: 0013480892  
SPIN Name: EMO Communications, Inc.  
Service Provider Contact Person: Ron Morrett**

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were disbursed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) must now recover these improper disbursements. The purpose of this letter is to inform you of the recoveries as required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the program rule violations. Therefore, the applicant is responsible to repay all or some of the funds disbursed in error.

This is NOT a bill. The next step in the recovery of improperly disbursed funds process is for SLD to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.



## TO APPEAL THIS DECISION

If you wish to appeal the Notification of Improperly Disbursed Funds decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Improperly Disbursed Funds Letter and the funding request numbers you are appealing. Your letter of appeal must also include the applicant name, the Form 471 Application Number, Billed Entity Number, and the FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Improperly Disbursed Funds letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal

If you are submitting your appeal electronically, please send your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) using your organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Dept. 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by calling the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic filing options.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by calling the Client Service Bureau. We strongly recommend that you use the electronic filing options.

## FUNDING DISBURSEMENT REPORT

On the pages following this letter, we have provided a Funding Disbursement Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from the application for which recovery is necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report. The SLD is also sending this information to the service provider for informational purposes. If USAC has determined the service provider is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the service provider detailing the necessary service provider action. The Report explains the exact amount the applicant is responsible for repaying.

Schools and Libraries Division  
Universal Services Administrative Company

cc: Ron Morrett  
EMO Communications, Inc.

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## A GUIDE TO THE FUNDING DISBURSEMENT REPORT

Attached to this letter will be a report for each funding request from the application cited at the top of this letter for which a Recovery of Improperly Disbursed Funds is required. We are providing the following definitions.

**FUNDING REQUEST NUMBER (FRN):** A Funding Request Number is assigned by the SLD to each individual request in a Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

**SERVICES ORDERED:** The type of service ordered from the service provider, as shown on Form 471.

**SPIN (Service Provider Identification Number):** A unique number assigned by the Universal Service Administrative Company to service providers seeking payment from the Universal Service Fund for participating in the universal service support programs.

**SERVICE PROVIDER NAME:** The legal name of the service provider.

**CONTRACT NUMBER:** The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on the Form 471.

**BILLING ACCOUNT NUMBER:** The account number that your service provider has established with you for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

**SITE IDENTIFIER:** The Entity Number listed on Form 471, Block 5, Item 22a. This number will only be present for "site specific" FRNs.

**FUNDING COMMITMENT:** This represents the amount of funding that SLD had reserved to reimburse you for the approved discounts for this service for this funding year.

**FUNDS DISBURSED TO DATE:** This represents the total funds that have been paid to the identified service provider for this FRN as of the date of this letter.

**FUNDS TO BE RECOVERED FROM APPLICANT:** This represents the amount of improperly disbursed funds to date as a result of rule violation(s) for which the applicant has been determined to be responsible. These improperly disbursed funds will have to be recovered from the applicant.

**DISBURSED FUNDS RECOVERY EXPLANATION:** This entry provides the reason why recovery is required.

**Funding Disbursement Report  
for Form 471 Application Number: 256221**

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Funding Request Number:	639696
Services Ordered:	INTERNAL CONNECTIONS
SPIN:	143023021
Service Provider Name:	EMO Communications, Inc.
Contract Number:	HSD-ER-19
Billing Account Number:	
Site Identifier:	125727
Funding Commitment:	\$6,150,760.00
Funds Disbursed to Date:	\$6,037,316.27
Funds to be Recovered from Applicant:	\$2,885,474.96

**Disbursed Funds Recovery Explanation:**

After a thorough investigation, it has been determined that funds were improperly disbursed on this funding request. During the course of an audit, it was determined that USAC disbursed \$5,050,430.96 for equipment and/or services that were not delivered to the applicant. The services/equipment consisted of: installation of wireless antenna/testing, upgrade 3/3/0 to 5/5/5, server burn in/load, and 5 yr. extended maintenance for antenna/server. FCC rules authorize USAC to disburse funds to service providers for providing supported services to eligible entities. These rules are violated if the service provider receives payment for services and/or products that it did not deliver to the eligible entity. USAC has determined that the applicant and service provider are responsible for this rule violation. The recovery is based on the following calculation: \$5,050,430.96 (total disbursed amount) - \$2,164,956.00 (court-ordered restitution) = \$2,885,474.96. USAC is seeking recovery of \$2,885,474.96 from the applicant and service provider.

**ATTACHMENT**  
**29**

**Notification of Improperly Disbursed Funds Letter**  
**Funding Year 2001: 7/01/2001 - 6/30/2002**

September 20, 2007

**Ron Morrett**  
**EMO Communications, Inc.**  
**1912 Crooked Hill Rd, Suite 116**  
**Harrisburg, PA 17110**

**Re: SPIN:** 143023021  
**Form 471 Application Number:** 256221  
**Funding Year:** 2001  
**FCC Registration Number:**  
**Applicant Name:** HARRISBURG CITY SCHOOL DIST  
**Billed Entity Number:** 125727  
**Applicant Contact Person:** John Weaver

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were disbursed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) must now recover these improper disbursements. The purpose of this letter is to inform you of the recoveries as required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error.

This is NOT a bill. The next step in the recovery of improperly disbursed funds process is for SLD to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.

## FUNDING DISBURSEMENT REPORT

On the pages following this letter, we have provided a Funding Disbursement Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from the application for which recovery is necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report. The SLD is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the applicant detailing the necessary applicant action. The Report explains the exact amount the service provider is responsible for repaying.

Schools and Libraries Division  
Universal Services Administrative Company

cc: John Weaver  
HARRISBURG CITY SCHOOL DIST

## A GUIDE TO THE FUNDING DISBURSEMENT REPORT

Attached to this letter will be a report for each funding request from the application cited at the top of this letter for which a Recovery of Improperly Disbursed Funds is required. We are providing the following definitions.

**FUNDING REQUEST NUMBER (FRN):** A Funding Request Number is assigned by the SLD to each individual request in a Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

**CONTRACT NUMBER:** The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on the Form 471.

**SERVICES ORDERED:** The type of service ordered by the applicant, as shown on Form 471.

**BILLING ACCOUNT NUMBER:** The account number that you established with the applicant for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

**FUNDING COMMITMENT:** This represents the amount of funding that SLD had reserved to reimburse for the approved discounts for this service for this funding year.

**FUNDS DISBURSED TO DATE:** This represents the total funds that have been paid to you for this FRN as of the date of this letter.

**FUNDS TO BE RECOVERED FROM SERVICE PROVIDER:** This represents the amount of Improperly Funds Disbursed to Date for which the service provider has been determined to be primarily responsible. These improperly disbursed funds will have to be recovered from the service provider.

**DISBURSED FUNDS RECOVERY EXPLANATION:** This entry provides the reason the adjustment was made.

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**Funding Disbursement Report  
for Form 471 Application Number: 256221**

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Funding Request Number:	639696
Contract Number:	HSD-ER-19
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Funding Commitment:	\$6,150,760.00
Funds Disbursed to Date:	\$6,037,316.27
Funds to be Recovered from Service Provider:	\$2,885,474.96
Disbursed Funds Recovery Explanation:	

After a thorough investigation, it has been determined that funds were improperly disbursed on this funding request. During the course of an audit, it was determined that USAC disbursed \$5,050,430.96 for equipment and/or services that were not delivered to the applicant. The services/equipment consisted of: installation of wireless antenna/testing, upgrade 3/3/0 to 5/5/5, server burn in/load, and 5 yr. extended maintenance for antenna/server. FCC rules authorize USAC to disburse funds to service providers for providing supported services to eligible entities. These rules are violated if the service provider receives payment for services and/or products that it did not deliver to the eligible entity. USAC has determined that the applicant and service provider are responsible for this rule violation. The recovery is based on the following calculation: \$5,050,430.96 (total disbursed amount) - \$2,164,956.00 (court-ordered restitution) = \$2,885,474.96. USAC is seeking recovery of \$2,885,474.96 from the applicant and service provider.

## TO APPEAL THIS DECISION

If you wish to appeal the Notification of Improperly Disbursed Funds decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Improperly Disbursed Funds Letter and the Funding Request Numbers you are appealing. Your letter of appeal must also include the applicant name, the Form 471 Application Number, Billed Entity Number, and the FCC Registration Number from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Improperly Disbursed Funds Letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal electronically, please send your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) using the organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Dept. 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by calling the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic appeals option.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by calling the Client Service Bureau. We strongly recommend that you use the electronic filing options.

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**ATTACHMENT**  
**30**



**Demand Payment Letter**  
**Funding Year 2001: 7/01/2001 - 6/30/2002**

March 6, 2009

**Ron Morrett**  
**EMO Communications, Inc.**  
**1912 Crooked Hill Rd, Suite 116**  
**Harrisburg, PA 17110**

**Re: SPIN: 143023021**  
**Form 471 Application Number: 256221**  
**Funding Year: 2001**  
**FCC Registration Number:**  
**Applicant Name: HARRISBURG CITY SCHOOL DIST**  
**Billed Entity Number: 125727**  
**Applicant Contact Person: John Weaver**

You were recently sent a Notification of Improperly Disbursed Funds Letter informing you of the need to recover funds from you for the Funding Request Number(s) (FRNs) listed on the Funding Disbursement Report of that letter. A copy of that Report is also attached to this letter. Immediately preceding the Report is a guide that defines each line of the Report.

The balance of this debt is due within 30 days from the date of this letter. Failure to pay the debt within 30 days from the date of this letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.

If the Schools and Libraries Division (SLD) has determined that both the applicant and the service provider are responsible for a program rule violation, then, pursuant to the Order on Reconsideration and Fourth Report and Order (FCC 04-181), the SLD will seek recovery of the improperly disbursed amount from BOTH parties and will continue to seek recovery until either or both parties have fully paid the debt. If the SLD has determined that both the applicant and the service provider are responsible for a program rule violation, this was indicated in the Disbursed Funds Recovery Explanation on the Funding Disbursement Report.

If the SLD is attempting to collect all or part of the debt from both the applicant and the service provider, then you should work with the applicant to determine who will be repaying the debt to avoid duplicate payment. Please note, however, that the debt is the responsibility of both the applicant and service provider. Therefore, you are responsible for ensuring that the debt

• is paid in a timely manner.

Please remit payment for the full "Funds to be Recovered from Service Provider" amount shown in the Report. To ensure that your payment is properly credited, please include a copy of the Report with your check. Make your check payable to the Universal Service Administrative Company (USAC).

If sending payment by U. S. Postal Service or major courier service (e.g. Airborne, Federal Express, and UPS) please send check payments to:

Universal Service Administrative Company  
1259 Paysphere Circle  
Chicago, IL 60674

If you are located in the Chicago area and use a local messenger rather than a major courier service, please address and deliver the package to:

Universal Service Administrative Company  
Lockbox 1259  
540 West Madison 4th Floor  
Chicago, IL 60661

Local messenger service should deliver to the Lockbox Receiving Window at the above address.

**Payment is due within 30 days from the date of this letter.**

Complete program information is posted to the SLD section of the USAC web site at [www.universalservice.org/sl/](http://www.universalservice.org/sl/). You may also contact the SLD Technical Client Service Bureau by e-mail using the "Submit a Question" link on the SLD web site, by fax at 1-888-276-8736 or by phone at 1-888-203-8100.

Universal Services Administrative Company  
Schools and Libraries Division

cc: John Weaver  
HARRISBURG CITY SCHOOL DIST

## **A GUIDE TO THE FUNDING DISBURSEMENT REPORT**

Attached to this letter will be a report for each funding request from the application cited at the top of this letter for which a Recovery of Improperly Disbursed Funds is required. We are providing the following definitions.

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**FUNDS TO BE RECOVERED FROM SERVICE PROVIDER:** This represents the amount of Improperly Funds Disbursed to Date for which the service provider has been determined to be primarily responsible. These improperly disbursed funds will have to be recovered from the service provider.

**DISBURSED FUNDS RECOVERY EXPLANATION:** This entry provides the reason the adjustment was made.

**Funding Disbursement Report**  
**Form 471 Application Number: 256221**

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Funding Request Number: 639696  
Contract Number: HSD-ER-19  
Services Ordered: INTERNAL CONNECTIONS  
Billing Account Number:  
Funding Commitment: \$6,150,760.00  
Funds Disbursed to Date: \$5,894,819.42  
Funds to be Recovered from Service Provider: \$2,885,474.96

**Disbursed Funds Recovery Explanation:**

After a thorough investigation, it has been determined that funds were improperly disbursed on this funding request. During the course of an audit, it was determined that USAC disbursed \$5,050,430.96 for equipment and/or services that were not delivered to the applicant. The services/equipment consisted of: installation of wireless antenna/testing, upgrade 3/3/0 to 5/5/5, server burn in/load, and 5 yr. extended maintenance for antenna/server. FCC rules authorize USAC to disburse funds to service providers for providing supported services to eligible entities. These rules are violated if the service provider receives payment for services and/or products that it did not deliver to the eligible entity. USAC has determined that the applicant and service provider are responsible for this rule violation. The recovery is based on the following calculation: \$5,050,430.96 (total disbursed amount) - \$2,164,956.00 (court-ordered restitution) = \$2,885,474.96. USAC is seeking recovery of \$2,885,474.96 from the applicant and service provider.